TIMIA CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Management's Discussion and Analysis (MD&A) for the three months ended August 31, 2020 (third quarter of fiscal 2020) 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 August 31, 2020 consolidated 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. 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. 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".

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 is a finance company that focuses on providing debt financing and support to private technology businesses in North America (individually, an "Investee" and collectively the "Investees" or "Portfolio"). TIMIA is building a technology platform utilizing financial technology that aims to originate, underwrite and manage debt investments to high growth software companies that generally have challenges raising cost-effective capital. The company earns interest revenue from its Revenue Financing (RF) either in the form of i) monthly payments structured as a percentage of applicable revenue (subject to minimum monthly payments), or ii) a fixed schedule of monthly payments. Other sources of revenue include transaction or commitment 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 investments through a Limited Partnership fund, co-investor syndication, common share and debenture issuances.

Structure and basis of consolidation

Our capital sourcing strategy has evolved from raising capital directly in the form of debt and equity, to raising capital in the form of limited partnerships and lender finance arrangements. Management expects to continue to use this format for raising capital to increase profitability to 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 and owns 12.4% and 7.38%, 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. Management 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.

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 three and nine months ended August 31, 2020 discussed in this MD&A include results of operations of TIMIA Capital Corp., TIMIA Capital Residual Partner Inc., TIMIA Capital GP Inc., TIMIA Capital II GP Inc., LP I, TIMIA Capital Holdings Limited Partnership and LP II.

OVERALL ANALYSIS OF QUARTERLY 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.

FINANCIAL HIGHLIGHTS

<u>For the nine months ended August 31, 2020</u>, the Company had the following highlights:

- Interest income from investments increased 50% to $3,064,145 compared to $2,048,177 in the same period last year;
- Total revenue increased 44% to $3,293,538 from $2,289,832 in the same period last year;
- Total assets grew 37% to $37,015,223 from $27,107,384 in the year ended November 30, 2019;
- Net income was $1,255,998 an increase of $2,056,494 from a net loss of $800,496 in the same period last year. The improvement in net income was due to growth in size of the portfolio and relative increase in revenue and $1,037,625 gain on investments resulting from three successful exits of its loan portfolio investments as compared to $nil in the same period last year.
- Net income and comprehensive income was $849,171 compared to a net and comprehensive loss of $800,496 for the same period last year.
- Loan portfolio increased by 27% in the last nine months from $21,147,512 to $26,938,898, inclusive of three loan buyouts being replaced by six new investments and five follow-on investments;
- Completed the issuance of $3,070,000 of Class A units in LP I in the period;

- Completed US$6,765,000 financing in launching LP II; and
- Disbursed $8,385,314 in new investments and $1,522,500 in follow-on investments to existing investees.

For the three months ended August 31, 2020, the Company had the following highlights:

- Interest income from investments increased 46% to $1,254,651 compared to $857,587 in the same period last year;
- Total revenue increased 56% to $1,378,164 from $884,231 in the same period last year;
- Net income was 333,234 and the comprehensive loss was $73,584 compared to a net loss and comprehensive loss of $54,658 for the same period last year; the improvement of $387,901 in net income was due to the growth in size of the portfolio and relative increase in revenue.
- Loan portfolio increased by over 8% in the last three months from $25,055,059 to $26,938,898; and
- Disbursed $3,635,500 in new investments and $250,000 in follow-on investments.

PORTFOLIO RETURNS AND STATISTICS

Since August, 2015 through to the quarter end of August 31, 2020, the Corporation has completed 30 Financing transactions, either directly, through its subsidiaries or through the LP I Fund, and earned a gross IRR of 19%. Of these 30 transactions, the Corporation has been bought out of 9 of these facilities due to merger or other re-financing activity and 21 facilities remain in effect at quarter end.

REVENUE

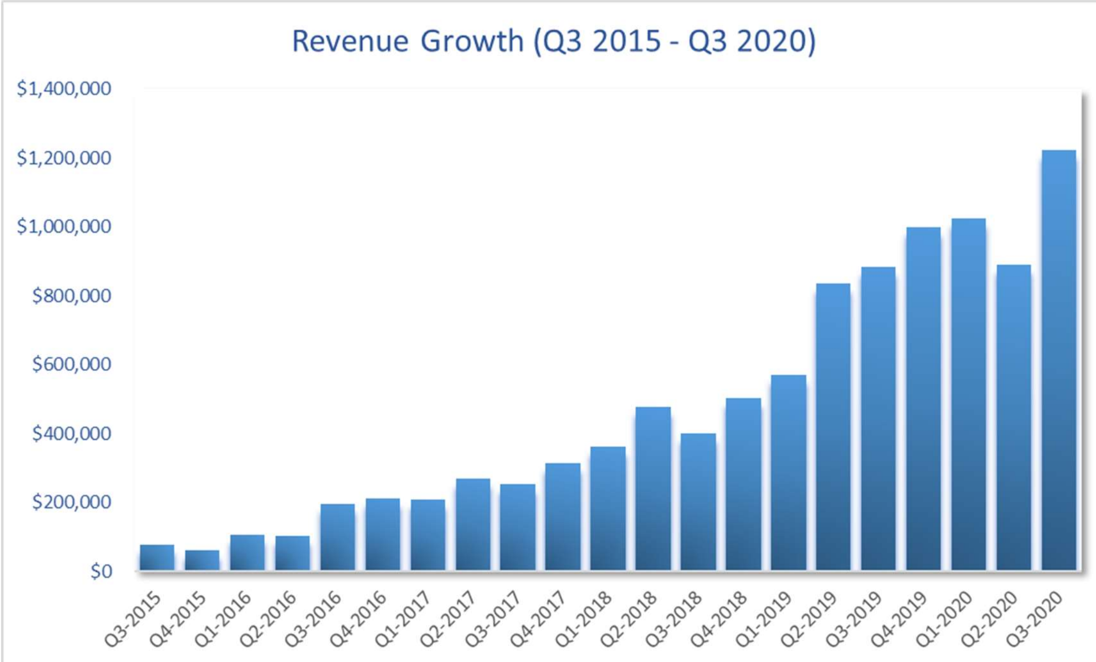
Interest income in the three and nine months were $1,254,651 and $3,064,145, respectively, compared to $857,587 and $2,048,177 in the three and nine months ended August 31, 2019, a 46% and 50% increase respectively. During the nine months ended August 31, 2020, the Company continued to expand its loan portfolio by completing six new loan transactions, disbursing capital of US$4,750,000 to three American companies, CAD$2,125,000 to three Canadian companies and five follow-on investments of CAD$775,000 to three Canadian companies and US$550,000 to two American companies.

The Company's revenue is primarily interest income generated under the Company's RF model. As the Company makes new investments, the number of monthly payments derived from the portfolio grows. Total revenue includes changes in amortized cost of loan values included in the Portfolio. During the nine months ended, recognized revenue was reduced by $233,000 as a result of reductions in amortized cost due to changing economic factors.

Approximately 26% of TIMIA's Revenue Finance loans are structured such that the timing of future monthly cash payments, but not the total amount repayable, are impacted by the underlying revenue growth rate of the borrower. In this group of Revenue Finance loans, management must estimate the expected rate of return for each loan on a quarterly basis, based upon the expected period of repayment as well as other terms such as minimum monthly payments, maximum term, and other terms provided in the underlying loan agreement. This is not a reduction in monthly payments, but rather a change in the estimate of period of repayment and resulting rate of return for this basket of loans, based on recent economic developments.

Income from transaction and other fees was $123,513 in the three months ended August 31, 2020 compared to $26,644 for the three months ended August 31, 2019. Income from transaction and other fees was $229,393 in the nine months ended August 31, 2020 compared to $241,655 in the nine months ended August 31, 2019.

Total revenue for the three months ended August 31, 2020 increased 56% to $1,378,164 compared to $884,231 for the three months ended August 31, 2019. Total revenue for the nine months ended August 31, 2020 increased 44% to $3,293,538 compared to $2,289,832 for the nine months ended August 31, 2019. Chart 1 shows the increase in revenue since Q3 2015. The Company has returned to continued revenue growth after a brief slowdown due to the effects of COVID-19 on the economy.



EXPENSES

During the nine months ended August 31, 2020, the Company continued to invest into the growth of its business:

Nine month period ended	**August 31, 2020**	**August 31, 2019**
Operational Expense, not including Finance Costs and Expected Credit Loss	$1,992,493	$1,744,738
Finance Costs and Expected Credit Loss	$1,099,148	$1,047,948
Total Expenses	$3,091,641	$2,792,686

Operational Expense

- Administrative, management and directors’ wages and fees increased $169,421 from $657,596 to $827,017. Of this increase, approximately $62,300 relates to salary increases and changes in headcount, and $59,800 relates to one-time compensation payments made to a retiring officer of the Company. The remaining $52,900 of increase can be attributed to various items, including new service provider fees in the current period related to monthly reporting and increase in director fees;
- Office, travel, systems, and miscellaneous increased $87,699 from $217,848 to $305,547 due to additional IT systems, office and support costs as well as increased volume of due diligence work resulting from increased deal volume;
- Accounting and legal increased $74,419 from $165,916 to $238,335 as a result of TIMIA I LP audit fees which were new in the current year amount as well as legal fees associated with launching LP II and general corporate matters;
- IR, communications and regulatory fees decreased $148,830 from $343,869 to $195,039. The higher cost in the comparative period in this area was a result of increased external investor relations services for fund raising performed in prior year.

Finance and Expected Credit Loss (ECL) Expense

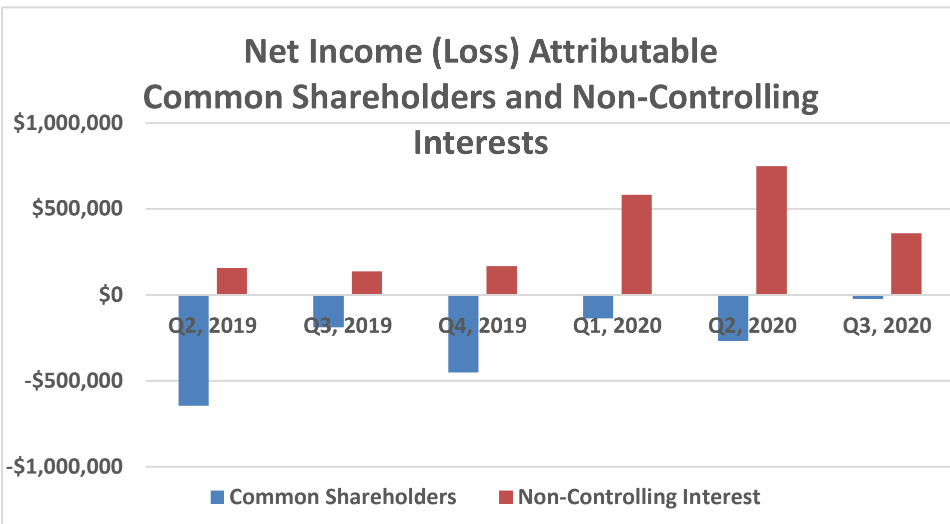
- Interest expense was $1,163,953 of the total expense amount of $3,091,641 for the period, an increase of $113,112 over the same period last year. The increase in interest expense is mainly due to interest in revolving credit facilities incurred during the current period and which was not present in the comparable period last year.
- There was a recovery of ECL this period of $64,805 and the loan loss accrued balance of $383,720 as at August 31, 2020. The decrease in expected credit loss expense is a result of increase in loans receivable from year-end offset by ECL recoveries due to net movement of investments from stage 2 to stage 1.

Foreign currency expense and foreign currency translation

- Foreign exchange loss increased $120,140 from $106,299 to $226,439. This is driven entirely by movement in the US exchange rate during the period. The Company has loan receivable of $17,299,859 relating to US based companies.
- Foreign currency translation adjustment was a loss of $406,827 for the three month period ended compared to $nil in the comparative. This translation adjustment is a result of consolidation of LP II, a new US dollar-based partnership formed in the current period.

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. 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 four 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.

The Net Income (Loss) and Comprehensive Income (Loss) for the nine months ended was allocated as follows**:**

- Net income attributable to non-controlling interests of $1,686,389 representing income from investments held by the Limited Partnership, less allowable costs as defined under the Limited Partnership Agreement, including fees to the manager and expected credit losses. LP I recognized a carried interest expense of $591,180 (2019: $Nil).
- Comprehensive income attributable to non-controlling interests of $1,309,600 includes foreign currency translation adjustments arising from the consolidation of LP II, a US denominated fund with a functional currency of US dollars.
- Net loss and comprehensive loss of $460,429 was allocated to the common share equity holders representing income (loss) from investments held by all entities other than the Limited Partnerships, 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 a financial liability and corresponding expense.

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 quarter the US dollar was trading at 1.36 Canadian Dollars. By the end of the quarter the US dollar had fallen to 1.30 Canadian dollars. This significant swing has resulted in material losses being recognized in the statement of net income.

Foreign exchange losses result from the conversion to Canadian dollars of investments that are denominated in US dollars. During the quarter $747,259 of foreign exchange losses were recognized in the consolidated net income.

Foreign currency translation adjustment is a result of the conversion of US dollar denominated subsidiaries. These adjustments are included within net income (loss) and comprehensive Income (loss). During the quarter translation adjustment losses were $406,827.

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 $2.5m USD that resulted in an offsetting gain in the quarter of $186,250. 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 LPII.

Attribution of FX Gains/(Losses) For the 3 months ended August 31, 2020	Common Shareholders	Non Controlling Interests	Total
Forward contract gain/(loss)	$186,250	-	$186,250
Foreign exchange gain/(loss)	($292,560)	($454,699)	($747,259)
Foreign exchange gain/(loss) in Net Income	($106,310)	($454,699)	($561,009)
Foreign currency translation adjustment	($30,038)	($376,789)	($406,827)
Foreign exchange gain/(loss) in Comprehensive Income	($136,333)	($831,492)	($967,836)

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 condensed interim financial statements of the Company at August 31, 2020 include a $1,588,801 co-investment obligation liability and an interest payment to co-investors expense related to this co-investor program.

Interest payments to co-investors recovered during the three months ended August 31, 2020 were $82,784 as compared to expense of $104,274 during the three months ended August 31, 2019. Interest payments to co-investors expensed during the nine months ended August 31, 2020 was $147,304 compared with $283,701 in the same period of 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 period. Refer to the Subsequent Events section for further information on payments made to co-investors after August 31, 2020.

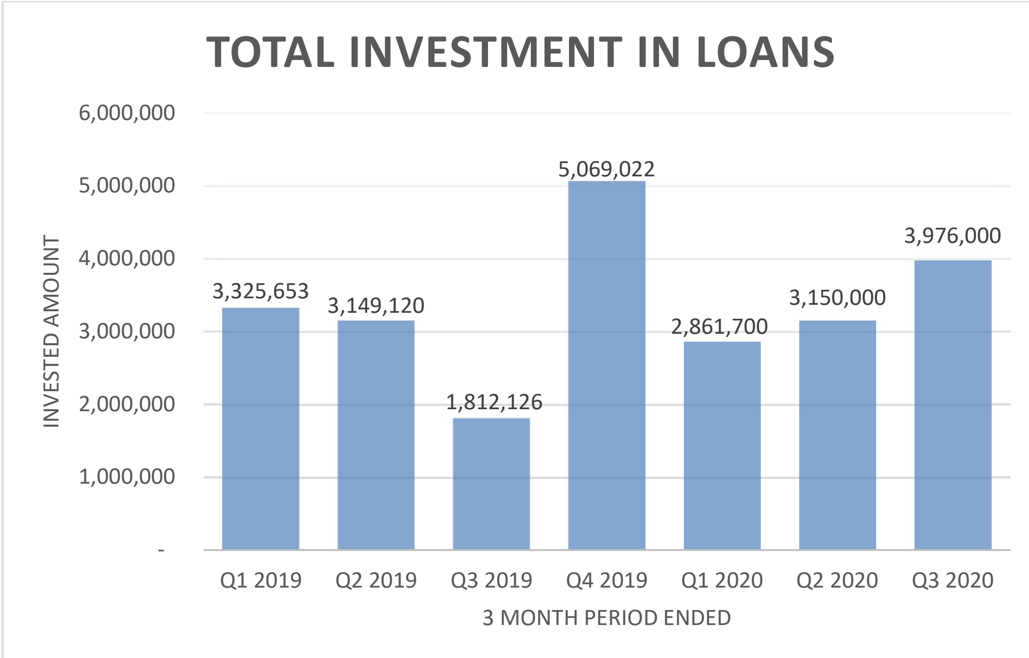
BALANCE SHEET

LOANS RECEIVABLE

TIMIA's current portfolio has 21 unique deals with an aggregate facility size of $57,760,000. Current disbursements extended under those facilities totals $27,322,618. The Company completed six new loan investments for the nine months ended August 31, 2020 for a total investment of $8,385,314 (2019: $8,170,231, seven new loan investments) and completed follow-on investments of $1,522,500 (2019: $116,668). In addition, three loans investments were exited for gross proceeds of $4,451,445. The following table shows the movement in the loan receivable balance, excluding expected credit loss provisions for the nine-month period ended:

		August 31, 2020		**August 31, 2019**
Opening balance	$	21,596,037	$	9,680,390
Advances on loans receivable		9,907,814		8,286,899
Net: interest revenue and principal payments		70,565		262,205
Settlement of investments		(3,899,828)		(1,765,021)
Foreign exchange		(351,970)		(78,844)
Closing balance	$	27,322,618	$	16,385,629

The following chart shows gross investments made to date based on cash disbursed:



The Company implemented a reduction in investing activity in Q2 2020 due to the COVID-19 pandemic, as it evaluated the impact of the pandemic on its operations and portfolio. In June, 2020, after reviewing portfolio performance, the Company re-engaged in investing operations, completing two new deals in August, 2020.

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.

In addition, during the nine months ended August 31, 2020 three investments were exited. As with TIMIA's recent portfolio exits, management expects continued loan buyouts from a portion of the remaining underlying investee companies in accordance with its financing agreements at predetermined exit values.

TIMIA also manages two equity investments obtained through its prior business model as GreenAngel Energy Corp. The Company is actively managing its equity these 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.

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 Capital I Limited Partnership fund. 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 LP I. 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 LP I reimburses TIMIA for certain expenses incurred on its behalf.

On September 18, 2019, the Company received limited partner approval to expand its LP from a limit of $12,000,000 to a limit of $20,000,000. In July 2019, an additional $700,000, $4,150,000 in September 2019, $1,320,000 in

December 2019 and $1,750,000 in January 2020 Class A units were completed, bringing the LP's capital position to $18,420,000 out of a possible $20,000,000.

The equity value of the LP I is recorded as a non-controlling interest on the Company's consolidated condensed interim statements of financial position. As at August 31, 2020, the non-controlling interest is $13,688,292. The non-controlling interests of $1,656,305 under Net Income (Loss) and Comprehensive Income on the consolidated condensed interim statements of net income (loss) and comprehensive income (loss) represents the portion of the Net Income (Loss) attributable to the LP I activity for the nine months ended August 31, 2020.

On July 14, 2020, the Company completed a $9,211,224 (US$6,765,000) financing in launching its second Limited Partnership ("LP II"). Under the terms of the LP, the Company will invest and own not less than $500,000 of the LP units and act as LP II's manager. TIMIA may transfer certain existing credit agreements to the fund at fair value.

TIMIA is entitled to receive a management fee of 1.5% of Committed Capital and a performance fee based upon the profit of LP II for the life of the fund.

The equity value of the LP II is recorded as a non-controlling interest on the Company's consolidated condensed interim statements of financial position. As at August 31, 2020, the non-controlling interest is $8,141,755. The non-controlling interests of $346,705 under Net Income (Loss) and Comprehensive Income on the consolidated condensed interim statements of net income (loss) and comprehensive income (loss) represents the portion of the Net Income (Loss) attributable to the LP II activity as well as foreign currency translation impact for the nine months ended August 31, 2020.

SUMMARY OF QUARTERLY RESULTS

	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018
Revenue	$1,378,164	$891,186	$1,024,188	$998,431	$884,231	$835,038	$570,563	$501,129
Net income (loss)	$333,243	$478,611	$444,144	($287,071)	($54,658)	($490,358)	($255,480)	($420,418)
Net income and Comprehensive income (loss)	($73,584)	$478,611	$444,144	($287,071)	($54,658)	($490,358)	($255,480)	($420,418)
Net income (loss) attributable to shareholders of the Company	($23,580)	($269,127)[1]	($137,684)	($452,992)	($189,781)	($645,627)	($255,480)	($420,418)
Net income (loss) attributable to non-controlling interests	$356,823	$747,738	$581,828	$165,921	$135,123	$155,269	n/a	n/a
Basic and diluted loss per share	($0.00)	($0.01)	($0.00)	($0.01)	($0.00)	($0.02)	($0.01)	($0.01)
Total assets	$37,015,223	$31,894,045	$29,995,311	$27,107,384	$22,300,299	$22,332,091	$14,617,521	$14,254,460
Total liabilities	$12,705,377	$14,744,095	$12,996,351	$12,809,235	$12,060,304	$11,486,282	$11,246,188	$10,729,659

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:

	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018
Net income (loss) and comprehensive income attributable to shareholders of the Company **Adjusted**	(53,618)	(126,127)	(196,684)	(536,992)	(189,781)	(645,627)	(255,480)	(420,418)
Non-controlling interests **Adjusted**	(19,966)	604,738	640,828	249,921	135,123	155,269	n/a	n/a

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. Due to volatility in the US dollar exchange rate from May 31 to Aug 31, during the 3-month period ended August 31, 2020, foreign exchange losses attributable to the shareholders was approximately $106,000.

LIQUIDITY AND SOLVENCY

As at August 31, 2020, the Company's cash balance was approximately $8.2 million and working capital was approximately positive $3.6 million, compared with approximately $4.7 million and $4.6 million, respectively, as of November 30, 2019. The increase in current liabilities is attributed to the nearing maturity of certain of the debentures and convertible debentures. Subsequent to quarter end, a portion of the convertible debentures were settled with cash payments, a portion of holders opted to delay the maturity to partake in the preferred share offering (see subsequent events), and the remainder was extinguished with the issuance of common shares. Management intends to use the proceeds of the preferred share issuance to settle other current series of debentures coming due over the next 12-month period.

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) 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 August 31, 2020, there was $594,827 (November 30, 2019: $598,095) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director.

(b) Debentures of $1,482,500 (November 30, 2019: $1,582,500) 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, 2020, there was $1,503,300 (November 30, 2019: $1,606,836) due to directors, officers, family members of directors and officers and a company controlled by a director.

(c) During the nine months ended August 31, 2020, $157,919 (2019: $137,858) 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 $25,464 (November 30, 2019: $27,979) was due to directors and/or officers identified as key management personnel as at August 31, 2020.

(e) Rent expense of $12,600 (2019: $14,300) was accrued or paid during the nine months ended August 31, 2020 to a third party company controlled by the Chief Financial Officer.

(f) Investments by directors and their family accounts for $3,530,800 (November 30, 2019: $2,500,000) of Limited Partner contributions as at August 31, 2020.

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 nine months ended August 31, 2020 and 2019 were as follows:

(a) Directors fees of $54,541 (2019: $39,273) were accrued or paid during the nine months ended August 31, 2020.

(b) Management compensation of $395,271 (2019: $369,300) were accrued or paid during the nine months ended August 31, 2020.

(c) Share-based payments of $92,228 (2019: $121,037) were recorded for directors and certain officers identified as key management personnel for the nine months ended August 31, 2020.

OUTLOOK & COVID-19

TIMIA is providing an update with respect to the impact from the COVID-19 virus outbreak on its current operations. To date, there have been no known cases of COVID-19 at any of TIMIA's offices.

Management believes that recurring revenue software companies offer security and stability. The Company utilizes a proprietary credit scoring process that focuses on high customer retention rates as well as a well-diversified customer base. These two factors, along with other key attributes such as size and cash runway, are structured to provide downward protection in an uncertain economic environment. Many of our portfolio companies have been agile in this environment, including in many instances transitioning employees to work remotely. At this time, none of the Company's investments are in arrears. However, it may be several months before the full effect of the economic slowdown is felt in the portfolio. Management is in the process of reviewing revised and updated forecasts for each of the portfolio companies and are working with them to determine the best way to support them through the crisis. Management has decided to increase the size of our capital reserves thereby reducing our allocation to new deals

TIMIA has been a remote-friendly environment since its formation. Our employees have been able to transition seamlessly to working from home, and have been able to maintain close contact and relationships with current portfolio companies and new and exciting SaaS investment opportunities.

SUBSEQUENT EVENTS

On September 24, 2020, the Company announced a $10,000,000 non-cumulative Series A preferred shares at a price of $1.00 per preferred share for gross proceeds of up to $10,000,000 in the offering jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The offering is subject to a minimum of $3,000,000.

On October 29, 2020, the Company filed a short form prospectus for a preferred share offering with a minimum offering size of $3,000,000 and a maximum offering size of $10,000,000. This transaction is anticipated to close on or around November 27, 2020

Subsequent to August 31, 2020, the convertible debentures matured. On October 7, 2020, the principal amount of the matured debentures was $2,051,000. Debenture holders have chosen to:

- Redeem for principal in the form of cash ($887,500);
- Convert into common shares resulting in the issuance of 3,785,714 common shares ($530,000); and
- Extend the maturity of $633,500 of debentures in order to participate in the exchange option for the proposed issuance of 8% preferred shares pursuant to the Company's short form prospectus offering ($633,500).

Subsequent to August 31, 2020, the Company successfully completed four investment exits, 2 US-based and 2 Canadian investments.

Two new investments closed in October. One to a Canadian based company for a facility size of $3,000,000 and first disbursement of $1,250,000 and the second to a US based company for a facility size of US$4,000,000 and a first disbursement of US$3,500,000.

On September 30, 2020, the Company repaid $785,141 in settlement of three outstanding co-investment agreements.

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 of the periods ended August 31, 2020 and November 30, 2019:

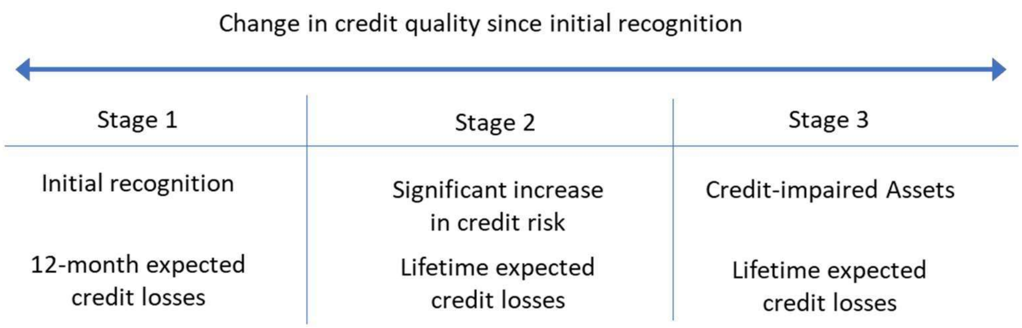
		August 31, 2020		November 30, 2019
Cash – FVTPL	$	8,205,146	$	4,662,156
Accounts receivable – Amortized cost		391,228		284,326
Loans receivable – Amortized cost		26,938,898		21,147,512
Equity investments – FVTPL		965,100		965,100
Forward contract receivable – FVTPL		233,250		-
Accounts payable – Amortized cost		198,668		305,665
Revolving credit facility – Amortized cost		2,493,976		1,405,270
Convertible debentures – Amortized cost		2,063,770		2,047,696
Debentures – Amortized cost		6,049,344		6,076,930
Co-investment obligations – Amortized cost	$	1,588,801	$	2,575,708

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, 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 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, which was adopted 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. In the current period, post-model adjustments were recorded due to specific circumstances relating to the underlying loans. The ECL recovery this period is $64,805 and the loan loss accrued is $383,720 as at August 31, 2020.

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	198,668	198,668	198,668	-	-
Revolving credit facilities	2,493,976	2,493,976	2,493,976	-	-
Convertible debentures	2,063,770	2,063,770	2,063,770	-	-
Debentures	6,049,344	6,049,344	1,861,917	2,966,373	1,221,054
Co-investment obligations	1,588,801	1,588,801	559,361	-	1,029,440
Total	12,394,559	12,394,559	7,177,692	2,966,373	2,250,494

Co-investment obligations, having a carrying value of $1,553,161, 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 ten loan investments totaling US$12,950,000 which are currently valued at $17,299,859. 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 the quarter, 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 nine months ended August 31, 2020 and year ended November 30, 2019, 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, 2020, the Company had 41,434,796 common shares outstanding, 4,075,000 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 45,240,508 common shares outstanding, 4,075,000 stock options, 6,311,480 share purchase warrants outstanding and $683,500 convertible debentures convertible into 4,882,142 common shares.

ON BEHALF OF THE BOARD:

"Michael Walkinshaw"

Chief Executive Officer

TIMIA CAPITAL CORP.