IntellaEquity Inc.
(Formerly - Augusta Industries Inc.)

Management's Discussion and Analysis

For The Years Ended December 31, 2018 and 2017

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of IntellaEquity Inc. (formerly IntellaEquity Inc. (formerly - Augusta Industries Inc.)) (the "Company") for the years ended December 31, 2018 and 2017. It should be read in conjunction with the consolidated financial statements for the years ended December 31, 2018 and 2017. Additional information relating to the Company is available on SEDAR at **www.sedar.com**, or on the CSX Exchange website at **www.thecse.com**, and on our website at **www.marconintl.com**. Information contained in or otherwise accessible through our website doesn't form a part of this MD&A, and is not incorporated into this MD&A by references.

References to "we", "our", "Intella", or "the Company" means IntellaEquity Inc. and its subsidiaries, unless the context requires otherwise.

BASIS OF PRSENTATION

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Fiber Optic Systems Technology (Canada), Inc., PinPoint FOX-TEK Inc., Marcon International Inc., Marcon International (USA) Inc., Marcon International (UK) Ltd. and its 82% owned subsidiary Sensor Technologies Corp. (collectively referred to as the "Company" or "Intella").

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

All financial information is reported in Canadian dollars and is expressed in thousands except for per share amounts which are expressed in dollars.

The MD&A was approved for issue by the Board of Directors on April 26, 2019.

CHANGES IN ACCOUNTING POLICIES

These consolidated statements follow the same accounting policies and methods of computation as those described in Note 3 of the annual consolidated financial statements as at and for the year ended December 31, 2017, except those adopted on January 1, 2018 as follows. The implementation of the new policies had no significant impact to the Company's consolidated statements for the year ended December 31, 2018.

1. IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

2. IFRS 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies

to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

3. IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2017 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

FUTURE ACCOUNTING PRONOUNCEMENTS

The following pronouncement was issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019.

IFRS 16, Leases ("IFRS 16") was issued in January 2016 to improve the accounting for leases, generally by eliminating a lessees' classification of leases and introducing a single lessee accounting model. The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position. Leases with durations of 12 months or less and leases for low value assets are both exempted. The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases.

The presentation on the statement of income and other comprehensive income (loss) required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased. The standard is effective for annual periods beginning on or after January 1, 2019 and will supersede IAS 17 Leases. The Company does have some leases and is expected to adopt it for future financial statements.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements that reflect the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking statements, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking statements contained in this MD&A are provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation, regulations or policies. All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

OVERVIEW OF BUSINESS

Corporate Overview

IntellaEquity Inc. (formerly - Augusta Industries Inc.) ("IntellaEquity") was incorporated on October 13, 1999 under the laws of the State of Delaware with a registered and head-office located at 2455 Cawthra Road, Unit 75, Mississauga, Ontario L5A 3P1. The Company has offices in Mississauga and Oakville, Ontario and Calgary, Alberta. IntellaEquity is traded on the CSE under the symbol "IEQ",

Marcon International Inc. ("Marcon") was incorporated under the laws of the Province of Ontario on April 28, 2010. On August 1, 2010, Marcon entered into an asset purchase agreement with Knoxbridge Corp. ("Knoxbridge"), whereby Knoxbridge transferred certain net assets, to Marcon in exchange for shares and debt. As at December 31, 2018, Augusta's significant shareholder is Knoxbridge who owns 30.0% (2017 – 30.0%) of the voting shares of the Company.

Fox-Tek Canada Inc. ("FOX-TEK"), a wholly-owned subsidiary of IntellaEquity, was sold to Sensor Technologies Corp. ("STC") for a purchase price of $21,500. $9,500 of the purchase price will be satisfied through the issuance of an aggregate of 47,500 post-consolidated common shares (the "Consideration Shares") in the capital of STC at a price of $0.20 per Consideration Share. The balance of the purchase price, being up to $12,000, will be satisfied through a royalty of 15% on all future sales of Fox-Tek's products and a 20% royalty on all future sales of Fox-Tek's services (collectively, the "Royalty"). The Royalty shall be payable until the earlier of (i) the 10 year anniversary of the closing of the acquisition of Fox-Tek, and (ii) the aggregate payment of $12,000.

GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

The Company has net loss of $2,651 for the year ended December 31, 2018 (2017 - $929), has an accumulated deficit of $11,231 (2018 – $8,580) from inception and working capital deficiency of $2,705 (2017 –$382). The challenges of securing requisite funding beyond December 31, 2018 and the cumulative operating losses indicate the existence of a material uncertainty which cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Principal Business

Marcon is involved in the industrial supply of equipment and parts procuring for its clients, including the sale and distribution of Electrical, Mechanical and Instrumentation equipment. The equipment is purchased from various suppliers in Canada, the United States and Europe. Its clients are principally clients in the oil and gas industry, United States government agencies such as the Department of Defence, Department of the Interior, Department of Homeland Security and Department of Agriculture and in the Middle East. In addition to departments and agencies of the U.S. Government, Marcon's major clients include Saudi Arabia-Sabic Services (Refining and Petrochemical), Bahrain National Gas Co, Bahrain Petroleum, Qatar Petroleum, Qatar Gas, Qatar Petrochemical, Gulf of Suez Petroleum, Agiba Petroleum and Burullus Gas Co.

Subsequent to the year ended December 31, 2018, the Company signed a Share Purchase Agreement ("agreement") with GRX Industries Inc. ("GRX"), a Delaware corporation to sell 51% of shares of Marcon International (USA) Inc., a subsidiary of the Company. Pursuant to the agreement, GRX has agreed to forgive the inter-company debt owing from the Company.

The closing date was January 31, 2019. Marcon ceased to generate further operating revenue since that date.

Subsequent to the year ended December 31, 2019 and the sale of Marcon International (USA) Inc., IntellaEquity has re-positioned itself as a diversified investment and venture capital firm focused on providing investors with long-term capital growth by investing in a portfolio of undervalued companies and assets. The investment portfolio may comprise securities of both public and private issuers primarily in technology, artificial intelligence, blockchain and may also include investments in certain other sectors, including water, green energy, and alternative energy. Target investments shall encompass companies at all stages of development, including pre-initial public offering and/or early-stage companies requiring start-up or development capital, as well as intermediate and senior companies.

BUSINESS DEVELOPMENT

The Company is constantly working to improve its position in terms of intellectual property and what it offers to its customers. In fiscal 2018 the Company continued to focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly in the oil and gas sectors.

Blockchain Technology

The Company has created a wholly owned subsidiary, Paragon Blockchain Inc. ("Paragon") to commence the process of implementing Blockchain technology. " Paragon" has entered into a Memorandum Of Understanding with an Undisclosed Blockchain Company (The "UBC") to advise and develop a new set of blockchain applications for Augusta. The UBC will act as technical advisor and initiate the process of developing a new set of blockchain applications that will integrate, amongst other things, artificial intelligence (A.I.) for the purpose of sorting critical procurement opportunities within US government agencies for Marcon.

Blockchain technology has the potential to unlock substantial new opportunities capable of impacting the business of Marcon. Specifically, Marcon seeks to create an eco-system in the supply chain management of clients to change the dynamics of the scoping and bidding process by providing vendors and subcontractors with A.I. data mining tools to proactively drive the process.

Marcon Segment

Marcon provides procurement and support services to existing and new projects worldwide in the energy sector. Initially Marcon had focused on providing services in the energy sector but moved on to government contracts and government services. Marcon has two subsidiaries, Marcon USA and Marcon UK, to help enhance and support its logistic and sales operations. Over the years it has established a good reputation and has been a consistent performer for its clients in the government as well as the international oil and gas industry. Sales for 2019 quarter 1 is $116.

Subsequent to the year ended December 31, 2018, the Company signed a Share Purchase Agreement ("agreement") with GRX Industries Inc. ("GRX"), a Delaware corporation to sell 51% of shares of Marcon International (USA) Inc., a subsidiary of the Company. Pursuant to the agreement, GRX has agreed to forgive the inter-company debt owing from the Company. The closing date was January 31, 2019. Marcon ceased to generate further operating revenue since that date.

SELECTED FINANCIAL AND OPERATING RESULTS

Statement of Financial Position

The consolidated statements of financial position as at December 31, 2018 included the financial position of STC while as at December 31, 2017, STC was not a subsidiary of IntellaEquity and therefore not included. Many of the variances between the two years arise from this.

As at December 31, 2018, the Company has a working capital deficiency of $2,705 (2017 – $382). As at December 31, 2018, the Company had total assets of $1,429 (2017 –$524). Total assets increased by $905 during the year ended December 31, 2018 largely due to the inclusion oil and gas property interests of STC amounting to $509 and deposit given by STC to Alberta Energy Board amounting to $334 against reclamation and decommissioning obligations

As at December 31, 2018, the Company had total liabilities of $3,416 (2017 – $1,068), an increase of $2,348. The accounts payable and accrued liabilities at December 31, 2018 includes $1,345 owed by STC. The reclamation and decommissioning obligations of STI is $411 and advances outstanding in STI is $608 as at December 31, 2018.

Total shareholders' deficiency increased by $2,125 to $2,125 (2017 – $544) during the year ended December 31, 2018.

Results of Operations

The following is a summary of the Company's three most recently completed financial years:

	2018	2017	2016
Revenue	$ 2,893	$ 2,556	$ 4,596
Interest income	2	-	-
Cost of sales	(2,314)	(2,013)	(3,570)
Gross Profit	**581**	**543**	**1,026**
Expenses			
Research and development	(157)	(148)	(155)
Selling	(22)	(38)	(34)
General and administrative	(1,896)	(1,023)	(830)
Reclamation and decommissioning expenses	(322)	-	-
Exploration expenses	(4)	-	-
Total Operating Expenses	(2,401)	(1,209)	-
Loss from Operations	(1,820)	(666)	1,026
Finance costs	(156)	(20)	(18)
Stock based compensation	(90)	(250)	-
Cost of public listing	(510)	-	
Foreign exchange (loss) gain	(46)	14	17
Income (Loss) Before Income Taxes	(2,622)	(922)	1,025
Current income tax	(29)	(7)	(21)
Net Income (Loss) After Tax	(2,651)	(929)	1,004
Other Comprehensive Income	20	(10)	2
Total Comprehensive Income (Loss) For	$ (2,631)	$ (939)	$ 1,006
Income (loss) per common share based on net income (loss) for the year			
Basic and diluted (loss)income per share	$ (0.10)	$ (0.04)	$ 0.04
Basic and diluted weighted average number of common shares outstanding (000'S)	25,630	25,614	25,436

The consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2018 included the income (loss) and comprehensive income (loss) for the three months ended December 31, 2018 of STC while for the year ended December 31, 2017, STC was not a subsidiary of IntellaEquity and therefore not included. Many of the variances between the two years arise from this.

Sales and cost of sales were $2,893 and $2,314 respectively for the year ended December 31, 2018 (2017 - $2,556 and $2,013). The sales in the year ended December 31, 2018 were $337 higher than 2017. The gross margin was also slightly lower at 20.0% compared to 21.2% in 2017.

As noted above, subsequent to the year ended December 31, 2018, the Company signed a Share Purchase Agreement ("agreement") with GRX Industries Inc. ("GRX"), a Delaware corporation to sell 51% of shares of Marcon International (USA) Inc., a subsidiary of the Company. Pursuant to the agreement, GRX has agreed to forgive the inter-company debt owing from the Company. The closing date was January 31, 2019. Marcon ceased to generate further operating revenue since that date. Backlog sales in Marcon on December 31, 2018 were $116.

Total operating expenses for the year ended December 31, 2018 were $2,401 compared to $1,209 in the previous year, an increase of $1,192. Research and development ("R&D") expenses increased by $29 and selling expenses by $16. General and administration ("G&A") expenses increased by $873 largely due to a provision of $893 made against the amount receivable from Lakeshore Securities and professional fees increased by $42 largely due to the recent restructuring. Reclamation and decommissioning costs of $322 incurred by STC were also included n 2018.

Finance costs of $156 (2017 - $20) include accrued interest on long term debt, credit cards and advances.

For the year ended December 31, 2018, included in the consolidated statements of loss and comprehensive loss is stock-based compensation of $90 (2017 – $250) relating to the stock options granted to directors, officers and consultants of the Company.

The Company acquired an 89.4% interest in STC by selling its wholly-owned subsidiary FOX-TEK Canada Inc. (subsequently amalgamated with Sensor Technologies Inc. - "STI") to operate as STI in return for 47,500 shares of STC. The transaction resulted in a reverse takeover of STC by the Company. The purchase price was satisfied through the issuance of an aggregate of 47,500 post-consolidated common shares (the "Consideration Shares") in the capital of STC at a price of $0.20 per Consideration Share. The balance of the Purchase Price, being up to $12,000 will be satisfied through a royalty of 15% on all future sales of STI'ss products and a 20% royalty on all future sales of STI's services (collectively, the "Royalty"). The Royalty shall be payable until the earlier of (i) the 10 year anniversary of the closing of the acquisition of STI, and (ii) the aggregate payment of $12,000. The value of the Royalty has not been included in the purchase price as the amount is uncertain. As at December 31, 2018, the Company controlled 82% interest in STC. The net liabilities of STC acquired as part of this transaction in the amount of $510 is considered a cost of STI, the Company's former subsidiary obtaining a public listing has been included in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2018.

Summary of Consolidated Quarterly Results

The following is a summary of results for the Company's eight most recently completed financial periods:

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Sales	$ 879	$ 696	$ 650	$ 331	$ 1,719	$ 383	$ 460	$ 331
Interest income	-	-	-	-	-	-	-	2
Cost of sales	(679)	(452)	(515)	(367)	(1,445)	(286)	(331)	(252)
Gross profit (loss)	$ 200	$ 244	$ 135	$ (36)	$ 274	$ 97	$ 129	$ 81
	22.8%	35.1%	20.8%	-10.9%	15.9%	25.3%	28.0%	24.5%
Expenses								
Research and development	(37)	(35)	(39)	(37)	(40)	(39)	(40)	(38)
Selling	(7)	(12)	(6)	(13)	(7)	(11)	(8)	4
General and administrative	(233)	(224)	(206)	(360)	(197)	(294)	(245)	(1,160)
Reclamation and decommissioning expenses	-	-	-	-	-	-	-	(322)
Exploration expenses	-	-	-	-	-	-	-	(4)
Total operating expenses	(277)	(271)	(251)	(410)	(244)	(344)	(293)	(1,520)
Income/(loss) from operations	(77)	(27)	(116)	(443)	30	(247)	(164)	(1,439)
Finance costs	(3)	(4)	(4)	(9)	(10)	(12)	(25)	(109)
Stock based compensation	(101)	(64)	(47)	(38)	(31)	(24)	(19)	(16)
Cost of public listing	-	-	-	-	-	-	-	(510)
Foreign exchange gain(loss)	-	10	7	(3)	(8)	(16)	7	(29)
Net (loss) for the period before tax	(181)	(85)	(160)	(496)	(19)	(299)	(201)	(2,103)
Current income tax	-	-	(5)	(2)	-	-	(7)	(22)
Net (loss) for the period	(181)	(85)	(165)	(498)	(19)	(299)	(208)	(2,125)
Other comprehensive income (loss)	(1)	(6)	(6)	3	1	-	6	13
Total comprehensive (loss) for the period	(182)	(91)	(171)	(495)	(18)	(299)	(202)	(2,112)
Basic and diluted loss) per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.08)
Basic and diluted weighted average number of common shares outstanding	25,612	25,612	25,612	25,614	25,630	25,630	25,630	25,630

The Fourth Quarter 2018

The consolidated statements of income (loss) and comprehensive income (loss) for the three months ended December 31, 2018 included the income (loss) and comprehensive income (loss) for the three months ended December 31, 2018 of STC while for the year ended December 31, 2017, STC was not a subsidiary of IntellaEquity and therefore not included. Many of the variances between the two years arise from this.

Sales and cost of sales in the three months ended December 31, 2018 were $331 and $252 respectively (2017 - $331 and $367). Marcon revenue for the fourth quarter of 2018 was $266, $27 higher than the fourth quarter of 2017 revenue of $239. The Marcon margin in in the three months ended December 31, 2018 were 12% while it was a negative 37% in 2017 due to a bad debt provision recorded for Enerdynamic Hybrid Technologies Corp. ("EHT") of $125. FOX-TEK (STI) sales of $65 in the fourth quarter of 2018 was lower that $91 in 2017 mainly due to service income in 2017 that were not relicated in 2018.

Total operating expenses for the three months ended December 31, 2018 were $1,520 compared to $410 in the corresponding period of 2017. This was $1,110 higher than the same period of the previous year largely because of a provision of $893 made against the amount receivable from Lakeshore Securities and inclusion of $322 of reclamation and decommissioning costs incurred by STC.

The finance costs for the fourth quarter of 2018 of $109 (2017 - $9) include accrued interest on long term debts, credit cards and advances.

For the three months December 31, 2018, included in the consolidated statements of loss and comprehensive loss is stock-based compensation of $16 (2017 – $38) relating to the stock options granted to directors, officers and consultants of the Company.

As noted above the Company acquired an 89.4% interest in STC by selling its wholly-owned subsidiary FOX-TEK Canada Inc. (subsequently amalgamated with Sensor Technologies Inc. - "STI") to operate as STI in return for 47,500 shares of STC. The transaction resulted in a reverse takeover of STC by the Company. The net liabilities of STC acquired as part of this transaction in the amount of $510 is considered a cost of STI, the Company's former subsidiary obtaining a public listing has been included in the consolidated statements of income (loss) and comprehensive income (loss) for the three months ended December 31, 2018.

Gross profit analysis

For the eight quarters, the gross profit margin for the two cash generating units fluctuated within a range of negative 37% to 78%, which was mainly due to the fluctuation of the sales mix between Fox-Tek and Marcon - Fox-Tek has an average of about 72% gross profit margins and Marcon has an average of 7% gross profit margins. See following tables for gross profit margins in the two divisions.

Gross profit for Marcon

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Sales	$690	$596	$564	$239	$1,634	$293	$319	$266
Cost of sales	634	431	495	328	1,434	270	288	234
Gross profit (loss)	**$56**	**$165**	**$69**	**($89)**	**$200**	**$23**	**$31**	**$32**
Gross profit %	**8%**	**28%**	**12%**	**-37%**	**12%**	**8%**	**10%**	**12%**

Gross profit for Fox-Tek (STI in Q4 2018)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Sales	$189	$101	$86	$91	$85	$90	$141	$65
Cost of sales	45	22	20	38	11	15	43	19
Gross profit	**$144**	**$79**	**$66**	**$53**	**$74**	**$74**	**$74**	**$46**
Gross profit %	**76%**	**78%**	**77%**	**58%**	**87%**	**82%**	**52%**	**71%**

The Company's revenue continues to be difficult to forecast and is likely to fluctuate significantly from period to period. In addition, the Company's operating results do not follow any past trends. The factors affecting the Company's revenue and results of operations include:

- competitive conditions in the industrial sensing industry, including new products, product announcements and special pricing offered by competitors of the Company;
- market acceptance of the Company's products;
- ability to hire, train and retain sufficient sales and professional services staff;
- ability to complete its service obligations related to product sales in a timely manner;
- varying size, timing and contractual terms of product orders, which may delay the recognition of revenue;
- ability to maintain existing relationships and to create new relationships to assist with sales and marketing efforts;
- the length and variability of the sales cycles for the Company's products;
- strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- general weakening of the oil and gas industry resulting in a decrease in the overall demand for the products and services offered by the Company or otherwise affecting its customers' capital investment levels in workforce management software;
- changes in the Company's pricing policies and the pricing policies of its competitors;
- timing of product development and new product initiatives; and
- changes in the mix of revenue attributable to substantially lower-margin service revenue as opposed to higher-margin product license revenue.

Since the Company's revenue will be dependent upon a relatively small number of transactions, even minor variations in the rate and timing of conversion of sales prospects into revenue could cause the Company to plan or budget inaccurately. Such variations could adversely affect the Company's financial results. Delays and reductions in the amount of, or cancellations of, customers' purchases would adversely affect the Company's revenue, results of operations and financial condition.

Historically, the Company's revenues and net results have not been affected by seasons. Seasonal fluctuations will become more significant as the weighting of sales to the oil and gas field increases, since business activity is generally greater in the winter for this sector.

Performance Indicators

In order to evaluate the Company's performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

- Distribution, sales, and long-term recurring revenues;
- Products and innovation;
- Short-term financial performance and cash flows;
- Strategic acquisitions and development of new projects.

SEGMENTED INFORMATION

The Company's reportable segments are strategic business units that offer different services and/or products. They are managed separately because each segment requires different strategies and involves different aspects of management expertise.

Fox-Tek develops non-intrusive asset health monitoring sensor systems for the oil and gas market to help operators track the thinning of pipelines and refinery vessels due to corrosion and erosion, strain due to bending or buckling, and process pressure and temperature. Fox-Tek's FT fiber optic sensor and EFM systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. In 2018 this was sold to STC and the segment information for the year ended December 31, 2018 shows the combined STC group including FOX-TEK. The segment information for the year ended December 31, 2017 shows only FOX-TEK as one of the units.

Marcon is an industrial supply contractor servicing the energy sector and a number of US government entities. Marcon's principal business is the sale and distribution of industrial machinery and equipment such as cranes, derricks, diesel engines, conveyor systems, oil refining machines, packing machinery, industrial pumps and welding machinery.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company carries out its operations through wholly-owned entities. These entities are located in Canada and the United States.

For the year ended December 31, 2018

	Marcon Operations	STI Operations	Corporate Operations	Total Company
Revenue	$ 2,512	$ 381	$ -	$ 2,893
Interest income	-	2	-	2
Cost of Sales	(2,226)	(88)	-	(2,314)
Gross Profit	286	295	-	581
Expenses				
Research and development	-	(157)	-	(157)
Selling	-	(23)	-	(23)
General and administrative	(293)	(239)	(1,364)	(1,896)
Reclamation and decommissioning expenses	-	(322)	-	(322)
Exploration expenses	-	(4)	-	(4)
Total Operating Expenses	(293)	(745)	(1,364)	(2,401)
(Loss) from operations	(6)	(450)	(1,364)	(1,820)
Finance costs	(7)	(111)	(38)	(156)
Stock based compensation	-	-	(90)	(90)
Cost of public listing	-	-	(510)	(510)
Foreign exchange (loss) gain	(48)	2	-	(46)
Income (loss) before income tax	(61)	(559)	(2,002)	(2,622)
Income tax expesnes	(29)	-	-	(29)
Income (loss) after income tax	(90)	(559)	(2,002)	(2,651)
Other comprehensive income	-	-	20	20
Comprehensive income (loss)	$ (61)	$ (559)	$ (1,982)	$ (2,631)
As of December 31, 2018				
Total assets	$ 206	$ 924	$ 299	$ 1,429
Equipment	$ 23	$ 2	-	$ 25

All of the Company's equipment is located in Canada. The Marcon sales revenue of $2,512 excludes intercompany sales of $4 to Fox-Tek for the year ended December 31, 2018. The intercompany sales have been eliminated in the consolidated statements. Inter-company interest of $138 and royalty of $13 have been eliminated on consolidation and not included in the figures above.

For the year ended December 31, 2017

	Marcon Operations	Fox-Tek Operations	Corporate Operations	Company
Sales	$ 2,089	$ 467	$ -	$ 2,556
Cost of sales	(1,888)	(125)	-	(2,013)
Gross profit	**201**	**342**	-	**543**
Expenses				
Research and development	-	(148)	-	(148)
Selling	-	(38)	-	(38)
General and administrative	(382)	(237)	(404)	(1,023)
Total operating expenses	(382)	(423)	(404)	(1,209)
(Loss) before the undernoted	(181)	(81)	(404)	(666)
Finance costs	(3)	-	(17)	(20)
Stock based compensation	-	-	(250)	(250)
Foreign exchange gain (loss)	18	(4)	-	14
Net (loss) for the year before income tax	(166)	(85)	(671)	(922)
Income tax expense	(7)	-	-	(7)
Net (loss) for the year	(173)	(85)	(671)	(929)
Other comprehensive loss	(10)	-	-	(10)
Total comprehensive (loss) for the year	$ (183)	$ (85)	$ (671)	$ (939)

As of December 31, 2017				
Equipment	$ 6	$ 26	$ -	$ 32
Total assets	$ 321	$ 126	$ 77	$ 524

All of the Company's equipment is located in Canada. The Marcon sales revenue of $2,089 excludes intercompany sales of $23 to Fox-Tek for the year ended December 31, 2017. The intercompany sales have been eliminated in the consolidated financial statements.

Sales Revenue by Geographic Region

	Year ended December 31,			
		2018		2017
USA	$	2,582	$	2,140
Canada	$	273		238
Middle East	$	30		114
Others	$	8		64
Total	**$**	**2,893**	**$**	**2,556**

LIQUIDITY AND CASH RESOURCES

The consolidated statements of financial position as at December 31, 2018 included the financial position of STC while as at December 31, 2017, STC was not a subsidiary of IntellaEquity and therefore not included. Many of the variances between the two years arise from this.

Net cash used in operating activities was $1,281 during the year ended December 31, 2018 (2017 - $190). Stock-based compensation of $90, accretion on convertible debentures totalling $6 and amortization expenses of $8 do not involve cash.

Trade and other accounts receivable increased by $296 while accounts payable and accrued liabilities increased by $1,374 largely due to accounts payable and accrued liabilities of STC.

Proceeds on sale of subsidiary shares were $1.098. STC's oil and gas property interests was $509 and deposit to Alberta Energy Regulators $334. Reclamation and decommissioning obligations of STC are $411.Net proceeds from advances were $608.

For the year ended December 31, 2018, the cash and cash equivalents of decreased by $39 (2017 – $nil). As a result, as at December 31, 2018, the Company had cash and cash equivalents balance of $44 compared to $83 as at December 31, 2017.

The Company is committed under operating lease agreements for the rental of its premises and car leases. Minimum annual future lease payments are approximately as follows:

Year		Lease Commitments
2019		68
2020		58
2021		33
2022		23
2023		19
	$	**201**

Management will continue to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements.

The Company uses its capital to finance marketing expense, research and development activities, administrative charges, working capital and capital assets. Historically, the Company has financed activities through rounds of public and private financing and debt financing. The Company has long term debt of $200 of which $50 are due during 2019 and convertible debentures of $54 have already matured and are now due on demand.

SHARE CAPITAL, WARRANTS, AND OPTIONS

(a) Share Capital

The Company is authorized to issue 400,000 common shares (par value of US0.01 per share) of which 256,296 are issued and outstanding.

In October 2018, the Company consolidated its common shares on basis of ten (10) old shares for one (1) post consolidated share.

Common shares outstanding as of the date of the MD&A, December 31, 2018 and 2017, are as follows:

	No. of shares		Amount
Balance December 31, 2016	256,115		5,527
Shares issued on conversion of debt, net of costs	181		8
Balance, December 31, 2017	**256,296**	**$**	**5,535**
Shares consolidated at 10:1	(230,666)		-
Balance, December 31, 2018	**25,630**	**$**	**5,535**

On October 16, 2017, the Company issued 181 common shares for $9 of debt owing to an arm's length company. The share issuance costs were $1 relating to the exchange of shares for debt.

(b) Common Stock Purchase Warrants

As at December 31, 2018 and as on the date of this MD&A, the Company had the following warrants issued and outstanding:

No. of Warrants Issued and Outstanding		Exercise Price	Expiry	Weighted Average Remaining Life in Years
20,200		0.70	14-Jul-20	1.54
9,940		1.00	18-Dec-20	1.97
30,140	**$**	**0.80**		**1.68**

The 20,200 outstanding warrants expiring on July 14, 2018, were extended until July 14, 2020. All other provisions of the warrants will remain the same. The 9,940 outstanding warrants were extended to December 18, 2020 and the exercise price of the warrants were amended from $1.50 to $1.00 per common share. All other provisions of the Warrants will remain the same.

(c) Stock Option Plan

The Company has a stock option plan open to directors, officers, full-time employees and consultants of the Company. Under this plan, the Company may grant total options to a maximum of 10% of the issued and outstanding common shares of the Company on a non-diluted basis.

As of the date of this MD&A, the Company had 11,500 options outstanding exercisable at $1.00 per share expiring on January 30, 2022.

OFF-BALANCE SHEET ARANGEMENTS

Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, Officers of the Company and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions with related parties were in the normal course of operations and were measured at fair value. Related party transactions not disclosed elsewhere in these consolidated statements are as follows:

(a) As at December 31, 2018, $4 (December 31, 2017 - $4) is owing to a law firm in which a director, Jay Vieira, is a former partner.
(b) Included in accounts payable and accrued liabilities as at December 31, 2018 is $2l (December 31, 2017 - $21) owing to the CEO and a company controlled by the CEO.
(c) As at December 31, 2018, $nil (December 31, 2017, $20) is owing to other officers of the Company.
(d) Included in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2018 is $165 (2017 - $165) paid to a company controlled by the CEO for services rendered by the CEO (Note 16).
(e) During the year ended December 31, 2017, the Company granted 5,500 options to directors and officers of the Company at an exercise price of $0.10 per share expiring on January 30, 2022. Included in the statements of loss and comprehensive loss for the year ended December 31, 2018 is stock-based compensation expense of $43 (2017 - $120) relating to options granted to related parties (Note 12(c)).
(f) During the year ended December 31, 2018, the Company signed promissory notes secured against the assets of the Company and received $638 (2017 - $nil) from a company controlled by a director of the Company. Of this amount, $453 have been repaid with interest. The remaining loans of $185 and the accrued interest of $6 are due on demand and bear interest at 10% per annum. Total interest of $11 related to the notes is disclosed as finance costs in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2018 (2017 - $nil).
(g) Included in accounts payable and accrued liabilities as at December 31, 2018 is $31 (2017 - $nil) for legal fees and disbursements owing to a law firm (McMillan) in which an officer of STC, Robbie Grossman, was a former partner.
(h) Included in accounts payable and accrued liabilities as at December 31, 2018 is $43 (2017 - $nil) for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of STC, Robbie Grossman, was a former partner.
(i) At December 31, 2018, $511 (December 31, 2017 - $nil) has been included in accounts payable and accrued liabilities for unpaid remuneration of STC's former Chief Executive Officer and director, Allen Lone. Allen Lone is the CEO of the Company.
(j) At December 31, 2018 $4 (2017 - $nil) is included in accounts payable and accrued liabilities to an officer and director of STC.
(k) At December 31, 2018 $2 (2017 - $nil) has been included in accounts payable and accrued liabilities for Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO of STC, is a partner, for taxation services provided.
(l) Included in advances are promissory notes outstanding at December 31, 2018 of $335 (2017 - $nil), from related parties (former directors and a company controlled by a former officer of STC) and secured against the assets of STC and due on demand. The loans bear interest at 10% to 12% per annum and are secured against the assets of STC (Note 8).

(m) Included in office and general expenses for the year ended December 31, 2018 is $5 (2017 - $nil) for consulting services provided by Binh Quach, a director of STC. As at December 31, 2017, $24 (2017- $nil) has been included in accounts payable.
(n) Included in office and general expenses for the year ended December 31, 2018 is $40 (2017 - $nil) for accounting services provided by Momen Rahman, CFO of the Company for STC. As at December 31, 2018, $166 (2017- $nil) has been included in accounts payable.
(o) Included in professional expenses and disbursements for the year ended December 31, 2018 is $15 (2017 - $nil) for legal services and disbursements provided by Jay Vieira, the CEO of STC. As at December 31, 2018, $15 (2017- $nil) has been included in accounts payable.

KEY MANAGEMENT PERSONNEL COMPENSATION

During the year ended December 31, 2018, the Company recognized salaries and short term benefit expenses of $532 (2017 - $479) for its key management personnel, including the CEO of the Company, VP of Software Solutions, VP of Operations, and CFO of the Company.

RISKS AND UNCERTAINTIES

High Degree of Product Concentration

Substantially all of the Company's currently anticipated revenues will be derived from a limited number of products and services. Consequently, the Company's performance will depend on establishing market acceptance of these products and services in a single market, as well as enhancing the performance of such products and services to meet the evolving needs of customers. The Company, like other entities involved in a rapidly evolving new industry, faces the risk that the Company's products and services may not prove to be commercially successful or may be rendered obsolete by further scientific and technological developments. There can be no assurances that the Company will establish and maintain a position at the forefront of emerging technological trends. Any reduction in anticipated future demand or anticipated future sales of these products or any increase in competition could have a material adverse effect on the Company's business prospects, operating results or financial condition.

Competition

The Company has experienced, and expects to continue to experience, competition from a number of companies. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Many of the competitors and potential competitors of the Company have significantly greater financial, technical, marketing and/or service resources than does the Company. Many of these companies also have a larger installed base of users, longer operating histories or greater name recognition than the Company. Customers of the Company are particularly concerned that their suppliers will continue to operate and provide upgrades and maintenance over a long-term period. The Company's smaller size and short operating history may be considered negatively by prospective customers. Even if competitors of the Company provide products with more limited system functionality than those of the Company, these products may incorporate other capabilities of interest to some customers and may be appealing due to a reduction in the number of different types of systems used to operate such customers' businesses. Further, competitors of the Company may be able to respond more quickly than the Company to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products.

Market Uncertainty

The Company's success depends to a significant degree on its ability to develop the market and gain acceptance for its products and services. There is no assurance that a significant market will develop for the Company's principal products and services. Implementation and adoption of its products have been slow to develop and may continue to be subject to delays. There can be no assurances that the additional commercial applications and markets for the Company's products will develop as currently contemplated.

The market for the Company's products is just beginning to develop and the Company's business plan will continue to require significant marketing efforts and working capital. To manage such development, the Company must continue to expand its existing resources and management information systems and must attract, train, and motivate qualified marketing, management, technical and administrative personnel. There can be no assurance that the Company will be able to achieve these goals.

The Company's success in the Marcon segment depends on and is exposed to the Middle East oil & gas market. The region has gone through some tremendous changes in the last year that have a slight impact on future sales and services in the region, and the United States Government Departments spending patterns in the operating expenditure side of procurement and contracting rather than the CAPEX side of the business and therefore most contracts signed with the Company fall under the maintenance repair and operations ("MRO").

Labour and Key Personnel

The Company depends on the services of its engineers, technical employees, and key management personnel. The loss of one of these people could have a significant unfavorable impact on the Company, its operating results, and its financial position. The success of the Company is largely dependent upon its ability to identify, hire train, motivate, and retain highly skilled management employees, engineers, technical employees, and sales and marketing personnel. Competition for its employees can be intense, and the Company cannot ensure that it will be able to bring in and retain highly skilled technical and management personnel in the future. Its ability to bring in and retain management and technical personnel and the necessary sales and marketing employees could have unfavorable impact on its growth and future profitability. The Company may be obligated to increase the compensation paid to current or new employees, which could substantially increase operating expenses.

Growth Management and Market Development

There is no guarantee that the Company can develop its market significantly, thus affecting its profitability. The Company expected growth might create significant pressure on management, operations, and technical resources. In order to manage its growth, IntellaEquity may need to increase the size of its technical and operational staff and manage its personnel while maintaining many effective relationships with third parties.

Pricing Policies

The competitive market in which IntellaEquity operates could force it to reduce its prices. If its competitors offer large discounts on certain products and services in order to gain market shares or sell products and services, the Company may need to lower its prices and offer other favorable terms in order to compete successfully. Such changes could reduce profit margins and have an unfavorable impact on its operating results. Some of IntellaEquity's competitors could offer products and services that compete with theirs for promotional purposes or as part of a long-term pricing strategy or offer price guarantees or product implementation. With time, these practices could limit the prices IntellaEquity may charge for its products and services. If InttellaEquity cannot offset these price reductions with a corresponding increase in sales volume or decreased expense, the decreased revenues from products and services could unfavorable affect its profit margins and operating results.

Product Failures and Mistakes

STI products are complex and therefore may contain failures and mistakes that could be detected at any time in a product's life cycle. Failures and mistakes in its products could have a significant unfavorable impact on its reputation, open it up to significant costs, delay product launch dates, and harm its ability to sell its products in the future. The costs of correcting a failure or mistake in one of these products could be significant and could negatively affect its operating margins. Although STI expects to continue to test products to detect failure and mistakes and to work with its customers through its support and maintenance services in order to find and correct failure and mistakes, they could appear in its products in the future. STI is exposed to warranty expenses, product recalls and other claims, particularly if the products prove to be defective, which would harm business development and the Company's reputation. STI provides one year warranty for its products.

Technological Obsolescence

Competitors and new companies could launch new products. In order to remain on the cutting edge of technology, STI may need to launch a new generation of fiber optic sensors and develop its related products and services. Whether it is competition from development companies and /or marketing of fiber optic sensors or a merger or acquisition of existing companies, competition within certain fiber optic sensor industry sectors offering solutions similar to what STI offers is vigorous and could increase. Some of STI's competitors have significantly greater financial, technical, distribution, and marketing resources than STI. Technological progress and product development could make STI products obsolete or reduce their value.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include cash, investments at fair value through profit or loss, trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities, advances, long-term debt, and convertible debentures.

The Company doesn't have any other instruments that will be settled by the delivery of non-financial assets.

The fair value of financial instruments

The Company has estimated the fair value of its financial instruments as follows:

- Cash is carried at its stated value;
- The share prices quoted in the market approximates the fair value of the investments;
- The carrying value of trade and other accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and advances approximate their fair values due to the short-term nature of these instruments;
- The convertible debentures include liability component, conversion option, and warrants. Both conversion option and warrants meet all the criteria for recognition as equity instruments under IAS 32, financial instruments presentation, and have been recognized as equity components. Management estimated the fair value of a similar liability that doesn't have associated equity components by using a discount rate of 18% at initial recognition and each extension date. The residual amount has been allocated to equity components. Management used the Black-Scholes option pricing model to estimate the fair value of conversion option and warrants, and the residual equity amount is then allocated to based on their relative fair values. At initial recognition date and each extension date, the convertible debentures have been segregated into conversion option, warrants and liability components. The equity components decreased the carry amount of convertible debenture liability and will be accreted into profit and loss using the effective interest method over the each extension terms of convertible debentures, and bring the carry amount of convertible debenture to their face amounts at maturity dates.
- Long term debt is carried at amortized cost. It has a fixed interest rate which is paid monthly.

The classification and measurement base of financial instruments

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables which are classified at amortized cost.

The Company has completed a detailed assessment of its financial instruments as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9

Financial Instrument	IAS 39	IFRS 9
Cash	Loans and receivables	FVTPL
Sundry receivables	Loans and receivables	Amortized cost
Investments	FVTPL	FVTPL
Deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial Liabilities	Amortized cost
Advances	Other financial Liabilities	Amortized cost

FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

Cash

Cash consists of bank balances and petty cash. Credit risk associated with cash and bank is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at December 31, 2018, the Company held cash of $44 (December 31, 2017 - $83).

Trade and Other Accounts Receivable

Accounts receivable consists primarily of trade accounts receivable from the sale of equipment, installation and reporting services. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss to the Company. This risk is mitigated through established credit management techniques, including monitoring counterparty creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the statement of loss in expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the statement of loss.

On August 1, 2018, the Company assigned $1,000 of its convertible debenture receivable from STC to an arms-length third party Lakeshore Capital. The Company considers $137 to be recoverable and the remaining $893 has been written of as doubtful receivable and included in the general and administrative expenses of $1.896 in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2018. The collectible amount receivable from Lakeshore Capital amounting to $137 has been included in the consolidated statement of financial position as at December 31, 2018 as trade and other accounts receivable.

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 has working capital deficiency of $2,705 (2017 - $382).

The following items are the contractual maturities of financial liabilities:

December 31, 2018	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 2,095	$ 2,095	$ 2,095	$ -
Reclamation and decomissioning obligations	411	411	411	-
Advances	608	608	608	-
Income tax payable	24	24	24	-
Debentures	54	54	54	-
Non-cash liabilities	24	24	24	-
Long term debt	200	200	50	150
	$ 3,416	**$ 3,416**	**$ 3,266**	**$ 150**

December 31, 2017	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 722	$ 722	$ 722	$ -
Debentures	48	48	48	-
Income tax payable	3	3	3	-
Non-cash liabilities	45	45	45	-
Long term debt	251	251	56	195
	$ 1,069	**$ 1,069**	**$ 874**	**$ 195**

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of recognized assets and liabilities or future cash flows or the Company's results of operations. To contend with changes in market prices, the Company constantly reviews its current and planned expenditures to ensure it has adequate resources to continue operations. The Company primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency and therefore limiting exposure to foreign exchange rates.

Foreign Exchange

As at December 31, 2018, the Company's US dollar net monetary liabilities totaled $227 (2017 - $64). Accordingly, a 5% change in the US dollar exchange rate as at December 31, 2017 on this amount would have resulted in an exchange gain or loss and therefore net loss would have increased (decreased) by $11 (2016 - $3).

Capital Management

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include shareholders' deficiency which amounts to $2,125 (2017 – shareholders' deficiency of $544).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company has no commitments, other than convertible debentures and warrants, to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company has not changed its approach to capital management during the years ended December 31, 2018 and 2017.

Investor Relations

During the year ended December 31, 2018, the Company performed its own investor relations. The Company will continue to perform its own investor relations for the foreseeable future.

Subsequent Events

1. Subsequent to the year ended December 31, 2018, the Company signed a Share Purchase Agreement ("agreement") with GRX Industries Inc. ("GRX"), a Delaware corporation to sell 51% of shares of Marcon International (USA) Inc., a subsidiary of the Company. Pursuant to the agreement, GRX has agreed to forgive the inter-company debt owing from the Company.
2. Distribution of STC shares On December 12, 2018, the Company announced its intention to distribute an aggregate of 25,611 common shares of STC to shareholders of the Company on the basis of one STC shares for every one Intella shares outstanding. Subsequent to the year ended December 31, 2018, the distribution was completed through two distributions in March 2019 bringing down the number of common stock of STC owned by the company to 21,889 or 38%.
3. Subsequent to the year ended December 31, 2018, the Company signed promissory notes secured against the assets of the Company and received $31 from a company controlled by CEO of the Company. The loans are due on demand and bear interest at 10% per annum.
4. Subsequent to the year ended December 31, 2018, the conversion price of the convertible debenture in the aggregate amount of $1,853 was amended from $0.20 per common share to $0.05 per common share subject to regulatory approval. Interest on the debenture will continue to accrue at an annual rate of 12%, subject to adjustments, until redeemed or converted in accordance with the terms of the debenture.