

IntellaEquity Inc.

(Formerly - Augusta Industries Inc.)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Prepared in Canadian dollars)

**As at and for the three and nine months ended
September 30, 2019**

INTELLAEQUITY INC.
(FORMERLY - AUGUSTA INDUSTRIES INC.)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS
AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

(Unaudited - Expressed in Canadian dollars. All numbers are in thousands except for share prices expressed in dollars)

	Note	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets			
Current Assets			
Cash and cash equivalents		\$ 7	\$ 44
Trade and other accounts receivable		19	395
Tax credits receivable	6	-	20
Prepaid expenses and other assets		-	65
Marketable securities	5	110	-
Inventory	4	-	37
Debenture	5	136	-
Total Current Assets		272	561
Non-Current Assets			
Equipment and right of use assets	7	156	25
Oil and gas property interests	8	-	509
Deposits	9	-	334
Total Non-Current Assets		156	868
Total Assets		\$ 428	\$ 1,429
Liabilities and Shareholders' Deficiency			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 95	\$ 2,095
Reclamation and decommissioning obligations		-	411
Deferred revenue		-	24
Income tax payable		-	24
Current portion of long-term debt	10	56	50
Current portion of lease obligations	11	42	-
Advances	12	-	608
Convertible debentures	13	-	54
Total Current Liabilities		193	3,266
Non-Current Liabilities			
Long-term debt	10	106	150
Lease obligations	11	119	-
Total Non-Current Liabilities		225	150
Total Liabilities		418	3,416
Shareholders' Equity (Deficiency)			
Share capital	14(a)	6,028	5,535
Warrants	14(b)	671	671
Reserves	14(c)	7,222	2,879
Accumulated other comprehensive income		-	21
Deficit		(13,911)	(11,231)
Total shareholders' equity (deficiency) attributable to owners		10	(2,125)
Non-controlling interest		-	138
Total shareholders' equity (deficiency) attributable to owners		10	(1,987)
Total Liabilities and Shareholders' Equity (Deficiency)		\$ 428	\$ 1,429
Contingencies and commitments	21		
Subsequent events	22		

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS
AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited - Expressed in Canadian dollars. All numbers are in thousands except for share prices expressed in dollars)

	Note	Three-months September 30,		Nine-months September 30,	
		2019	2018	2019	2018
Sales		\$ (115)	\$ 460	\$ 409	\$ 2,562
Interest income		-	-	3	-
Cost of sales		102	(331)	(101)	(2,062)
Gross profit (loss)		(13)	129	311	500
Expenses					
Research and development		-	(40)	(50)	(119)
Selling expenses		-	(8)	-	(25)
General and administrative	18	(197)	(245)	(478)	(732)
Exploration expenses		-	-	(23)	-
Total expenses		(197)	(293)	(551)	(876)
Loss from operations		(210)	(164)	(240)	(376)
Finance costs	10, 11	(8)	(25)	(82)	(47)
Stock based compensation	14(c)	(10)	(19)	(30)	(75)
Loss on sale of subsidiaries	5	(2,723)	-	(2,365)	-
Foreign exchange gain (loss)		40	7	37	(18)
Net loss		(2,911)	(201)	(2,680)	(516)
Income tax expense		-	(7)	-	(7)
Net loss after tax		(2,911)	(208)	(2,680)	(523)
Other comprehensive income		-	6	-	7
Comprehensive loss		\$ (2,911)	\$ (202)	\$ (2,680)	\$ (516)
Loss attributable to:					
Shareholders		(2,933)	(201)	(2,680)	(516)
Non-controlling interest		22	-	-	-
		(2,911)	(201)	(2,680)	(516)
Comprehensive loss attributable to:					
Shareholders		(2,933)	(202)	(2,680)	(516)
Non-controlling interest		22	-	-	-
		(2,911)	(202)	(2,680)	(516)
Loss per share:					
Basic	14(d)	\$ (0.08)	\$ (0.01)	\$ (0.07)	\$ (0.02)
Diluted	14(d)	\$ (0.07)	\$ (0.01)	\$ (0.06)	\$ (0.02)
Weighted average number of shares outstanding:					
Basic	14(d)	37,966	25,630	37,966	25,630
Diluted	14(d)	42,130	25,630	42,130	25,630

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 and 2018

(Unaudited - Expressed in Canadian dollars. All numbers are in thousands except for share prices expressed in dollars)

	Note	Share Capital		Warrants	Reserves	Other Comprehensive Income		Deficit	Total Shareholders' Deficiency
		Number	Amount						
Balance, December 31, 2017		256,296	\$ 5,535	\$ 671	\$ 1,829	\$ 1	\$ (8,580)	\$ (544)	
Net loss for the period		-	-	-	-	-	(523)	(523)	
Stock based compensation		-	-	-	75	-	-	75	
Other comprehensive income		-	-	-	-	7	-	7	
Balance, September 30, 2018		256,296	\$ 5,535	\$ 671	\$ 1,904	\$ 8	\$ (9,103)	\$ (985)	

	Note	Share Capital		Warrants	Reserves	Other Comprehensive Income		Deficit	Total Shareholders' Equity (Deficiency)
		Number	Amount						
Balance, December 31, 2018		25,630	\$ 5,535	\$ 671	\$ 2,879	\$ 21	\$ (11,231)	\$ (2,125)	
Net income for the period		-	-	-	-	-	(2,680)	(2,680)	
Stock based compensation		-	-	-	30	-	-	30	
Other comprehensive loss		-	-	-	-	(21)	-	(21)	
Change of control of subsidiary		-	-	-	4,313	-	-	4,313	
Conversion of debt	14(a)	12,336	493	-	-	-	-	493	
Balance, September 30, 2019		37,966	\$ 6,028	\$ 671	\$ 7,222	\$ -	\$ (13,911)	\$ 10	

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(Unaudited - Expressed in Canadian dollars. All numbers are in thousands except for share prices expressed in dollars)

	Note	Nine months September 30,	
		2019	2018
OPERATING ACTIVITIES			
Net income (loss) for the period		\$ (2,680)	\$ (523)
<i>Items not involving cash:</i>			
Amortization		50	5
Accrued interest on convertible debentures		3	24
Accrued interest on advances		8	2
Accretion		-	16
Stock-based compensation		20	75
		(2,599)	(401)
<i>Changes in non-cash working capital:</i>			
Trade and other accounts receivable		258	(1,427)
Inventory		37	-
Tax credit receivable		20	5
Prepaid expenses and other assets		63	121
Income tax payable		(24)	(3)
Accounts payable and accrued liabilities		(1,477)	388
Deferred revenue		(24)	140
		(1,147)	(776)
		(3,746)	(1,177)
INVESTING ACTIVITIES			
Sale of subsidiary		4,088	-
Increase in deposits		334	-
		4,422	-
FINANCING ACTIVITIES			
Debentures issued		-	1,010
Proceeds from advances		-	554
Repayment of advances		(616)	(437)
Repayment of long-term debt		(38)	(40)
Lease payments made		(38)	-
		(692)	1,087
Effect of changes in foreign exchange rate		(21)	7
NET CHANGE IN CASH AND EQUIVALENTS, DURING THE PERIOD		(37)	(83)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		44	83
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 7	\$ -
SUPPLEMENTAL CASH FLOW INFORMATION:			
Income tax paid		\$ -	\$ 7
Interest paid		\$ 8	\$ 18

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INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian dollars. All numbers are in thousands except for share prices expressed in dollars)

I. NATURE OF OPERATIONS

IntellaEquity Inc. (formerly - Augusta Industries Inc.) (the "Company" or "IntellaEquity") was incorporated on October 13, 1999 under the laws of the State of Delaware with a registered office and a head-office location at 277 Lakeshore Road East, Suite 304, Oakville, Ontario L6J 6J3 Canada. IntellaEquity's significant shareholder is Knoxbridge Corp. ("Knoxbridge"), who owns 30.0% of the voting shares of the Company (December 31, 2018 – 30.0%).

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 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 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. The value of the Royalty has not been included in the purchase price as the amount is uncertain.

Marcon International Inc. ("Marcon"), a wholly-owned subsidiary of IntellaEquity, is in the business of selling equipment to foreign multinational companies operating primarily in the Middle East and to the United States government. The equipment is purchased from various suppliers in Canada, United States and Europe.

The Company sold 51% of shares of its wholly owned subsidiary, Marcon International (USA) Inc. ("Marcon USA") to a third party, GRX Industries Inc. ("GRX"), a Delaware corporation on January 31, 2019. The Company considers Marcon USA an associate since January 31, 2019.

The Company deconsolidated its investment in STC, as management has judged they are no longer in control of this investment due to the change in status of the relationship. (Note 5).

These interim condensed consolidated financial statements ("interim consolidated statements") were approved for issue by the Board of Directors on November 29, 2019.

2. BASIS OF PRESENTATION AND GOING CONCERN

Statement of Compliance

These interim consolidated statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, Interim Financial Reporting Standard issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These interim consolidated statements as at and for the three and nine months ended September 30, 2019 and 2018 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2018 which were prepared in accordance with IFRS.

Changes in Accounting Policies

These interim consolidated statements follow the same accounting policies and methods of computation as those described in Note 2 of the annual consolidated financial statements as at and for the year ended December 31, 2018, except those adopted on January 1, 2019 as follows.

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.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

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 have some leases and has applied the standard effective January 1, 2019. As a result, rights of use assets and lease liabilities of \$205 were recognised as at January 1, 2019 in the interim consolidated statements of financial positions.

Future accounting pronouncements

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2018, are described in Note 4 to the annual consolidated financial statements as at and for the year ended December 31, 2018. There have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2018 that are expected to have a material effect on the Company's interim consolidated statements.

Basis of Measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Basis of Consolidation

The interim consolidated 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. and Paragon Blockchain Inc. (collectively referred to as the "Company" or "Intella").

The disposal of Marcon International (USA) Inc., Fiber Optic Systems Technology (Canada), Inc., and PinPoint FOX-TEK Inc. have been recognized in these financial statements as described in note 5.

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 shares of STC owned by the company to 21,889 or 38%. As of September 30, 2019, the Company views that it does not control STC, and therefore has been deconsolidated under IFRS 10, and its shares presented as marketable securities on the consolidated statements of financial position.

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 interim condensed 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.

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the interim condensed consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

Going Concern

The interim consolidated 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 incurred a net loss of \$2,680 for the nine months ended September 30, 2019 (nine months ended September 30, 2018 – \$516) and has an accumulated deficit of \$13,911 (December 31, 2018 – \$11,231) from inception. The challenges of securing requisite funding beyond September 30, 2020 and the cumulative operating losses indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern.

These interim consolidated statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor 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.

3. TRADE AND OTHER ACCOUNTS RECEIVABLE

On July 1, 2018, the Company converted inter-company balances of \$2,800 with FOX-TEK into unsecured convertible debentures of \$2,800. The debentures bear interest at a rate of 12% per annum payable monthly till maturity on June 30, 2021. All or any part of the principal of the debenture can be converted into common shares by the holder at a conversion price of \$0.20 per share. On August 1, 2018, the Company assigned \$1,000 of this to an arms-length third party Lakeshore Capital. The Company considers \$137 to be recoverable and the remaining \$893 has been written off as doubtful receivable in the year ended December 31, 2018. During the three and nine months end \$137 was recovered from Lakeshore Capital.

4. INVENTORY

Inventory is valued at lower of cost or net realizable value. The breakdown of inventory is comprised as follows:

	September 30,	December 31,
	2019	2018
Raw materials	-	37

The total amount of inventory expensed as cost of goods sold during the nine months ended September 30, 2019 was \$101 (nine months ended September 30, 2018 - \$39).

5. DISPOSAL OF SUBSIDIARIES

Marcon International (USA) Inc.

On January 31, 2019, the Company sold 51% of the shares of its wholly-owned subsidiary, Marcon International (USA) Inc. (“Marcon USA”) to an arm’s-length party, GRX Industries Inc. (“GRX”), a Delaware corporation. As a result of the sale, the Company no longer controls Marcon USA, but retains significant influence. Accordingly, as of February 1, 2019, Marcon USA ceased to be consolidated with the Company and is accounted for as an associate, under the equity method of accounting for investments. The profits of Marcon USA from the date of disposal to be recognized under the equity method are \$nil.

In accordance with IFRS 10, the Company has derecognized all of the assets and liabilities of Marcon USA, has recognized its remaining 49% investment at a fair value of \$Nil, and has recorded a gain on disposal of the subsidiary as follows:

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AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

Amounts assumed:	
Cash	-
Liabilities	511
	511
Amounts disposed:	
Cash	27
Trade and other accounts receivable	116
Prepaid expenses and other assets	2
Investment in subsidiary	1,378
	1,523
Loss on disposal	1,012

Fiber Optic Systems Technology (Canada) Inc.

The Company has deconsolidated its wholly-owned subsidiaries, Fiber Optic Systems Technology (Canada), Inc. and PinPoint FOX-TEK Inc. as at and for the nine months ended September 30, 2019, as management has judged they no longer control these subsidiaries due to their status in receivership. The Company has recognized a loss on disposal of \$8 for the nine months ended September 30, 2019.

Sensor Technologies Inc.

The Company has deconsolidated its investment in Sensor Technologies Inc., as management has judged they are no longer in control of this investment due to the change in status of the relationship. The Company has recognized a loss on disposal of \$1,345 for the nine months ended September 30, 2019.

Amounts assumed:	
Marketable securities	110
Debenture	136
	246
Amounts disposed:	
Cash	75
Trade and other accounts receivable	305
Tax credits receivable (Note 6)	20
Debenture	1,714
Prepaid expenses and other assets	72
Inventory	37
Deposits	337
Oil and gas property interests	509
Equipment and right-of-use assets	53
Accounts payable and accrued liabilities	(636)
Advances	(419)
Deferred revenue	(402)
Lease liabilities	(52)
Non-controlling interests	(22)
	1,591
Loss on disposal	1,345

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

6. TAX CREDITS RECEIVABLE

The Company undertakes research and development activities, the costs of which are eligible for investment tax credits which may be refunded or applied to reduce the income tax payable in the current year and future years.

During the year ended December 31, 2018, the Company recognized \$20 relating to the Ontario Investment Tax Credit, which has been deducted from research and development expenses. During the period ended September 30, 2019, the Company disposed of its tax credits receivable (Note 5).

7. EQUIPMENT AND RIGHT OF USE ASSETS

	Computer Hardware	Scientific Equipment	Office Equipment	Computer Software	Right of Use Assets	Total
Cost						
Balance at December 31, 2018	57	73	62	34	-	226
Additions	-	-	-	-	262	262
Disposals	(45)	(73)	(43)	(12)	(63)	(236)
Balance at September 30, 2019	12	-	19	22	199	252
Accumulated Amortization						
Balance at December 31, 2018	52	66	50	33	-	201
Disposals	(43)	(66)	(34)	(12)	-	(155)
Amortization	1	-	-	-	49	50
Balance at September 30, 2019	10	-	16	21	49	96
Net Book Value December 31, 2018	5	7	12	1	-	25
Net Book Value September 30, 2019	2	-	3	1	150	156

The above assets, except for right of use assets, are pledged under the security charge on the convertible debentures (Note 13). Commencing January 1, 2019, the Company is accounting for leases in accordance with IFRS 16 and is recognizing right of use assets. The right of use assets are amortized over the remaining period of the lease.

8. OIL AND GAS PROPERTY INTERESTS

Oil and gas property interests as at September 30, 2019 were \$Nil, and December 31, 2018 was \$509 in Alberta.

In 2008, the Company acquired two suspended heavy oil wells and leases and related petroleum and natural gas rights in the Lloydminster area of Alberta for cash proceeds of \$400. The Company's interest in the first lease is a 60% working interest subject to: (a) an obligation to pay a 60% share of the variable Crown royalties; (b) 60% share of a 1% Gross Overriding Royalty ("GORR") payable to the party; and (c) a 3% GORR on the 60% share of production.

The Company's interest in the second lease is a 100% working interest declining to 60% after recoupment of the payout account of approximately \$485 associated with the well on the lease. This lease is subject to: (a) 60% share of the Crown royalty; (b) 60% share (36% after payout) of a 1% GORR payable on oil production; (c) 5%-15% variable convertible GORR payable in respect of oil production; (d) a 15% convertible GORR payable in respect of gas production; and (e) 3% GORR payable on the Company's 60% share of production. The 5% to 15% variable convertible GORR and 15% convertible GORR are convertible to a 40% working interest once payout has been achieved.

On September 30, 2019, the oil and gas property interests were disposed of see Note 5.

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

9. DEPOSITS

The Company is liable to undertake reclamation and abandonment work on its leases. As at June 30, 2019, the Company has lodged deposits of \$337 (December 31, 2018 - \$334) with the Alberta Energy Resource Conservation Board (“AERCB”) as required by legislation.

On September 30, 2019, due to a loss in control, these reclamation and abandonment work this obligation was disposed of net of the oil and gas property interests see Note 5.

10. LONG-TERM DEBT

	September 30,	December 31,
	2019	2018
Loan payable – 8.05% per annum, due December 15, 2022, guaranteed by the CEO of the Company and by Fox-Tek Canada Inc. and by IntellaEquity Inc.	175	200
Less: current portion	(56)	(50)
Long-term debt	119	150

In May 2014, Marcon obtained a five-year loan of \$100 from Business Development Bank of Canada with a maturity date of June 15, 2019. During the year ended December 31, 2017, the Company repaid \$13 of this loan and took an additional loan of \$213 for a total outstanding loan of \$251, payable over 60 months starting January 15, 2018. During the nine months ended September 30, 2019, the Company paid \$18 (nine months ended September 30, 2018 - \$13) in interest related to this loan which is disclosed as finance costs in the interim consolidated statements of loss and comprehensive loss.

11. LEASE OBLIGATIONS

Commencing January 1, 2019, the Company adopted IFRS 16, and is accounting for leases in accordance with the standard, lease obligations as of September 30, 2019 are as follows:

Balance on December 31, 2018	-
Additions	262
Payments	(49)
Disposals (Note 5)	(52)
Balance on September 30, 2019	161
Current	42
Long-term	119
	161

The lease obligations and right-of-use assets were calculated using the interest rate implicit in the lease varying from 2.7% to 4.1% per annum where available or using the Company’s incremental borrowing rate of 10% per annum.

Of the balance outstanding on September 30, 2019, \$42 are due within one year. Included in financial costs for the nine months ended September 30, 2019 is \$12 (2018 - \$nil) for interest expense on the lease obligations.

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(Unaudited - All numbers are in Canadian dollars in thousands except for share prices that are expressed in dollars)

12. ADVANCES

	September 30, 2019	December 31, 2018
Loan payable – 10% per annum, due on demand, owing to a company controlled by the CEO of the Company, secured against the assets of the	-	192
Loan payable – 10% to 12% per annum, due on demand, owing to a company controlled by the CEO of the Company, secured against the assets of the Company.	-	212
Loan payable – 12% per annum, due on demand, owing to a company controlled by the CEO of the Company, secured against the assets of the	-	79
Loan payable – 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company.	-	44
Loan payable – 12% per annum, due on demand, owing to a arm's length third party, secured against the assets of the Company.	-	31
Loan payable – 15% per annum, due on demand, owing to a arm's length third party, secured against the assets of the Company.	-	50
	-	608

During the three and nine months ended September 30, 2019, the Company executed a debt conversion agreement to convert the aggregate and outstanding advances of \$576 (Note 12) together with \$29 of debentures were converted into common shares of 12,336 valued at \$493 (Note 14).

13. DEBENTURES

Balance as at December 31, 2018	54
Accrued interest	3
Debt conversion (Note 14)	(57)
Balance as at September 30, 2019	-

The debentures bear interest at a rate of 12% per annum. The conversion feature allowing for the principal balance to be converted into common shares expired December 31, 2017. Refer to the On August 1, 2019, pursuant to the proposed acquisition (Note 21), the Company entered into a debt conversion agreement with the lender to convert \$29 at \$0.04 per share.

Management used the residual method to allocate the fair value of the conversion options. Management calculated the fair value of the liability component as \$417 using a discount rate of 18%, and then management deducted the fair value of the liability component from the fair value of the convertible debenture as a whole, with the resulting residual amount of \$87 being the fair value of the equity component. The \$87 has been prorated to the conversion option and warrants based on their relative fair values determined by the Black-Scholes pricing model and \$62 has been allocated to the conversion option and \$25 has been allocated to the detachable warrants.

The debentures are due on demand. For the nine months ended September 30, 2019, interest expense of \$3 (nine months

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ended September 30, 2018 - \$3) are included in finance costs in the consolidated statements of loss and comprehensive loss.

During the nine-month period ended September 30, 2019, the Company executed a debt conversion agreement to convert the aggregate and outstanding advances of \$576 (Note 11) together with \$29 of debentures were converted into common shares of 12,336 valued at \$493 (Note 14).

14. SHAREHOLDERS' EQUITY

a) Share Capital

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

The Company is authorized to issue 400,000 common shares (par value of US \$0.01 per share) of which 27,966 are issued and outstanding.

	Number of shares	Amount
Balance as at December 31, 2018	25,630	5,535
Debt conversion (Note 12, 13)	12,336	493
Balance as at September 30, 2019	37,966	6,028

b) Common Stock Purchase Warrants

	Number of warrants	Value	Weighted average exercise price
Balance as at December 31, 2018 and September 30, 2019	3,014	\$ 671	\$ 0.80

	Number of warrants issued and outstanding	Exercise price	Expiry	Weighted average remaining life (years)
	2,020	\$ 0.70	14-Jul-20	1.04
	994	0.10	18-Dec-20	1.47
	3,014	\$ 0.50		0.93

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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.

On January 30, 2017, the Company granted 11,500 stock options to directors, officers and consultants of the Company exercisable at a price of \$0.10 per share and expiring on January 30, 2022. The options vest in three equal yearly tranches with the first instalment vesting on January 30, 2017 with the remaining options vesting on the one and two year anniversaries of the initial release. The fair value at date of grant was \$0.032 per option granted. The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions: expected life of 5 years, a risk-free rate of 1.14%, expected dividend yield of 0% and an expected volatility of 134%. The expected volatility is based on the historical volatility of the Company's share price over the life of the options. The Company has not paid any cash dividends historically and has no plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian Benchmark Bonds with equivalent terms. The expected option life in years represents the period that the options are expected to be outstanding based on historical warrants issued.

For nine months ended September 30, 2019, included in the interim condensed consolidated statements of loss and comprehensive loss is stock-based compensation of \$30 (nine months ended September 30, 2018 – \$75) relating to the stock options granted to directors, officers and consultants of the Company.

A summary of the status of the Company's stock options as at September 30, 2019 and changes during the period then ended is presented below:

	Number of options	Weighted average exercise price
Balance as at December 31, 2018 and September 30, 2019	1,150	\$ 1.00

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2019:

Number of options issued and outstanding	Number of options exercisable	Exercise price	Expiry date	Weighted average remaining life (years)
1,150	1,150	\$ 1.00	30-Jan-22	2.34

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d) Loss per share:

	Three months September 30,		Nine months September 30,	
	2019	2018	2019	2018
<i>Numerator</i>				
Net loss for the period, attributable to shareholders	(2,911)	(201)	(2,680)	(516)
<i>Denominator:</i>				
Weighted average number of common shares, basic	37,966	25,630	37,966	25,630
Weighted average effective of dilutive stock-options and warrants (i)	4,164	-	4,164	-
	42,130	25,630	42,130	25,630
<i>Loss per share:</i>				
Basic	\$ (0.08)	\$ (0.01)	\$ (0.07)	\$ (0.02)
Diluted	\$ (0.07)	\$ (0.01)	\$ (0.06)	\$ (0.02)

(i) The diluted weighted average number of common shares outstanding excludes 4,212 shares related to convertible securities that were anti-dilutive for the nine months ended September 30, 2019

15. SEGMENTED INFORMATION

In the current and subsequent period, IntellaEquity Inc. has disposed of all significant business units (Note 22), and therefore, the Company does not distinguish or group its operations on a geographical or on any other basis, and accordingly has a single reportable operating segment.

Management has applied judgment by aggregating its operating segments into one single reporting segment for disclosure purposes. Such judgment considers the nature of operations, and an expectation of the operating segments within a reportable segment, which have similar long-term economic characteristics.

The Company's Chief Executive Officer is the chief operating decision maker, and regularly reviews the Company's operations and performance on an aggregate basis. IntellaEquity Inc. does not have any significant customers or any significant groups of customers.

16. RELATED PARTY TRANSACTIONS

Related parties include Board of Directors, close family members, key management personnel, enterprises and others who exercise significant influence over the reporting entity. All amounts owing to related parties are unsecured, non-interest bearing and due on demand unless otherwise noted.

- (a) As at September 30, 2019, \$4 (December 31, 2018 - \$4) is owing to a law firm in which a director, is a former partner.
- (b) Included in accounts payable and accrued liabilities as at September 30, 2019 is \$Nil (December 31, 2018 - \$21) owing to the CEO and a company controlled by the CEO.
- (c) Included in the interim consolidated statements of loss and comprehensive loss for the nine months September 30, 2019 is \$41 (nine months September 30, 2018 - \$124) paid to a company controlled by the CEO for services.

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- (d) 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 \$1.00 per share expiring on January 30, 2022. Included in the interim condensed statements of loss and comprehensive loss for the three and nine months ended September 30, 2019 is stock-based compensation expense of \$5 and \$15, respectively (three and nine months ended September 30, 2018 - \$18 and \$36) relating to options granted to related parties (Note 12(c)).
- (e) During the nine months ended September 30, 2019, the Company signed promissory notes secured against the assets of the Company and received \$30 (2018 - \$403) from a company controlled by a director of the Company in addition to \$191 that was outstanding as at December 31, 2018. An amount, \$72 have been during the nine months ended September 30, 2019. The remaining loan of \$154 including accrued interest are due on demand and bear interest at 10% per annum. Total interest of \$5 related to the notes is disclosed as finance costs in the interim consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2019 (2018 - \$4).
- (f) At September 30, 2019, \$Nil (December 31, 2018 - \$511) has been included in accounts payable and accrued liabilities for unpaid remuneration to the CEO of the Company.
- (g) Included in office and general expenses for the nine months ended September 30, 2019 is \$10 (2018 - \$nil) for accounting services provided by the CFO of the Company.
- (h) Included in professional expenses and disbursements for the nine months ended September 30, 2019 is \$15 (2018 - \$nil) for legal services and disbursements provided by Jay Vieira, a director of the Company and CEO of STC.
- (i) Included in research and development expenses for the nine months ended September 30, 2019 is \$18 (2018 - \$18) for services provided by a director of the STC.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

During the nine months ended September 30, 2019, the Company recognized salaries and short-term benefit expenses of \$204 (nine months ended September 30, 2018 - \$359) for its key management personnel, including the CEO of the Company, CEO of Marcon, VP of Software Solutions and CFO of the Company.

18. GENERAL AND ADMINISTRATIVE

The general and administrative expenses are comprised as follows:

	Three months September 30,		Nine months September 30,	
	2019	2018	2019	2018
Salaries and short-term benefits	82	131	269	427
Professional fees	16	54	63	150
Office and general	11	58	92	149
Amortization	-	2	50	6
Bad debt expense	88	-	4	-
	197	245	478	732

19. 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. There have been no changes in the risks, objectives, policies and procedures during the nine months ended September 30, 2019.

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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.

The Company's financial instruments and the nature of the risks which these instruments may be subject to are set out in the following table.

	Credit	Liquidity	Foreign exchange	Market interest rate
Cash and cash equivalents	Yes	Yes	Yes	Yes
Trade and other receivables	Yes	Yes	Yes	No
Marketable securities, at fair value	Yes	Yes	No	No
Accounts payable and accrued liabilities	No	Yes	No	Yes
Long-term debt	No	Yes	No	Yes

a) Credit risk

Trade and other accounts receivable

Trade and other accounts receivable consist 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 amounts of trade and other accounts receivable are reduced by an allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statements of comprehensive loss in general and administrative 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 other expenses in the statement of comprehensive loss. Historically, trade credit losses have been minimal.

Concentration of credit risk

Four customers represent approximately all of sales for the nine months ended September 30, 2019 (nine months ended September 30, 2018 – four customers represent 86%). The sales for major customers are as follows:

	Three months September 30,		Nine months September 30,	
	2019	2018	2019	2018
Enbridge Canada	(115)	-	220	-
Enbridge USA	-	-	73	-
US Air Force	-	-	-	220
US Bureau of Reclamation	-	69	46	765
US Navy	-	180	-	940
US Army	-	211	70	287
	(115)	460	409	2,212

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including

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outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, considering their financial position, historical experience and other factors. For many new international clients, the Company demands that equipment costs are prepaid prior to shipment.

Cash and cash equivalents

Cash consist of bank balances and petty cash. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at September 30, 2019, the Company had cash of \$7 (December 31, 2018 - \$44) and does not expect any counterparties to fail to meet their obligations.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The following items are the contractual maturities of financial liabilities:

September 30, 2019	Carrying amount	Contractual cash flows	0 to 12 months	12+ months
Accounts payable and accrued liabilities	95	95	95	-
Reclamation and decommissioning obligations	-	-	-	-
Advances	-	-	-	-
Income taxes payable	-	-	-	-
Debentures	-	-	-	-
Non-cash liabilities	-	-	-	-
Long-term debt	175	175	56	119
Lease obligations	161	161	42	119
	431	431	193	238

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

c) 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 sells goods in Canada and the US and attempts to limit its exposure by transacting in the local currency, therefore limiting exposure to foreign exchange rates.

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d) Foreign exchange

The Company operates primarily in Canada and the United States. The presentation currency is Canadian dollars and the functional currency of the parent company is the Canadian dollars. As at September 30, 2019, the Company's US dollar net monetary assets totalled \$8 (December 31, 2018 – a net monetary liability of \$227). Accordingly, a 5% change in the US dollar exchange rate as at September 30, 2019 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by \$1.

20. CAPITAL MANAGEMENT

The Company manages the capital structure and adjusts 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' equity (deficiency) which amounts to \$10 (December 31, 2018 - \$(2,125)).

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 nine months ended September 30, 2019.

21. CONTINGENCIES AND COMMITMENTS

The Company may have various other contractual obligations in the normal course of operations. The Company is not contingently liable with respect to litigation, claims and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the consolidated statements of loss and comprehensive loss as and when such a determination is made.

22. SUBSEQUENT EVENTS

On October 28, 2019, the IntellaEquity Inc. completed a transaction with CannCentral Inc. ("CannCentral") that resulted in a reverse take-over of the Company by the shareholders of CannCentral (the "Agreement"). Pursuant to the terms of the agreement, the Company, its subsidiary Paragon Blockchain Inc. and CannCentral completed a three-cornered amalgamation under the Business Corporations Act (Ontario). CannCentral amalgamated with Paragon Blockchain Inc. as a wholly-owned subsidiary of the Company.

Under the Agreement, IntellaEquity acquired all CannCentral shares at an exchange ratio of one IntellaEquity share for two Class A common shares of CannCentral and one IntellaEquity share for one Class B or C shares of CannCentral (the "Exchange Ratio"). Further, CannCentral will cancel all its currently outstanding warrants and new warrants will be issued by IntellaEquity under the same terms, in accordance with the Exchange Ratio. The shareholders of the CannCentral were issued an aggregate of 270,150 shares based on the deemed value ascribed to CannCentral and negotiated by the Company of approximately \$14,100, at a deemed issuance price of \$0.05 per share.

The Company concurrently filed articles of amendment with a name change to Media Central Corporation Inc. ("Media Central"). As a result of the transaction, Media Central became the sole beneficial owner of all outstanding securities of CannCentral.

As a result of the transaction, Media Central has 308,115 common shares issued and outstanding on an undiluted basis. Accordingly, 9% of the resulting issuer are held by shareholders of IntellaEquity and 91% of the shares of the resulting issuer are held by shareholders of CannCentral. Media Central commenced trading on the Canadian Securities Exchange under the symbol "FLYY".