TIMIA CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim 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 condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

James Pratt
CFO and Director

TIMIA CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2017 AND NOVEMBER 30, 2016

(Expressed in Canadian Dollars)

	February 28, 2017	November 30, 2016
ASSETS		
Cash	$ 967,391	$ 217,355
Accounts receivable	79,557	72,558
Funds receivable (Note 4)	113,663	113,663
Current portion of loans receivable (Note 3)	72,487	71,071
Prepaid expenses	59,185	34,606
Total current assets	$ 1,292,283	$ 509,253
Non-current assets		
Loans receivable (Note 3)	$ 4,088,047	$ 4,147,427
Equity investments (Note 4)	673,951	673,141
TOTAL ASSETS	$ 6,054,281	$ 5,329,821
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	$ 152,293	$ 124,702
Current portion of convertible debentures (Note 6)	13,501	15,835
Current portion of debentures (Note 7)	15,811	10,007
Total current liabilities	$ 181,605	$ 150,544
Long-term liabilities		
Convertible debentures (Note 6)	$ 1,982,624	$ 1,979,342
Debentures (Note 7)	1,945,922	1,199,114
Debenture subscriptions received (Note 7)	-	50,000
Total liabilities	$ 4,110,151	$ 3,379,000
EQUITY		
Share capital (Note 8)	$ 3,246,239	$ 3,246,239
Share-based payment reserve	780,853	654,436
Equity component of convertible debentures (Note 6)	82,070	82,070
Deficit	(2,165,032)	(2,031,924)
Total equity	$ 1,944,130	$ 1,950,821
TOTAL LIABILITIES AND EQUITY	$ 6,054,281	$ 5,329,821

Nature of operations (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

/s/ *"Michael Volker "*
Michael Volker, Director

/s/ *"James Pratt"*
James Pratt, Director

(The accompanying notes are an integral part of these condensed interim financial statements)

TIMIA CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian Dollars)

		Three months ended February 28, 2017		Three months ended February 29, 2016
REVENUE				
Interest income	$	208,879	$	85,542
Advisory income		-		20,000
TOTAL REVENUE		208,879		105,542
EXPENSES				
Administrative, management, and directors fees (Note 9)		71,575		57,534
Accounting and legal		22,734		12,815
Interest expense		100,554		42,444
Share-based payments (Note 9)		5,627		16,205
Office, promotion, and miscellaneous		96,142		34,445
Transfer agent and regulatory fees		14,276		16,711
Loan loss provision (Note 3)		31,875		12,333
		342,783		192,487
LOSS BEFORE OTHER ITEMS		(133,904)		(86,945)
OTHER ITEMS				
Change in unrealized gain on investments		810		-
Foreign exchange loss		(14)		-
		796		-
NET LOSS AND COMPREHENSIVE LOSS	$	(133,108)	$	(86,945)
NET LOSS PER COMMON SHARE BASIC AND DILUTED	$	(0.01)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		23,648,796		22,241,988

(The accompanying notes are an integral part of these condensed interim financial statements)

TIMIA CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian Dollars)

	Three months ended February 28, 2017	Three months ended February 29, 2016
OPERATING ACTIVITIES		
Net loss for the period	$ (133,108)	$ (86,945)
Items not involving cash:		
Share-based payments	5,627	16,206
Accretion interest expense	19,022	3,201
Interest expense (revenue)	26,089	(28,935)
Loan loss provision	31,875	12,333
Change in unrealized gain on investments	(810)	-
		(84,140)
Change in non-cash working capital items		
Accounts receivable	(6,999)	905,365
Prepaid expenses	(24,579)	(44,241)
Accounts payable and accrued liabilities	31,061	17,369
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(51,822)	794,353
INVESTING ACTIVITIES		
Purchase of equity investments	-	(425,000)
CASH USED IN INVESTING ACTIVITIES	-	(425,000)
FINANCING ACTIVITIES		
Proceeds on issuance of convertible debentures, net	-	283,500
Proceeds on issuance of debentures, net	500,000	-
Proceeds on reinvested interest	1,658	-
Proceeds from debenture subscriptions received	300,200	-
CASH PROVIDED BY FINANCING ACTIVITIES	801,858	283,500
CHANGE IN CASH DURING THE PERIOD	750,036	652,853
CASH, BEGINNING OF PERIOD	217,355	409,871
CASH, END OF PERIOD	$ 967,391	$ 1,062,724
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
NON-CASH FLOW TRANSACTIONS		
Common shares received for services rendered	$ -	$ -

(The accompanying notes are an integral part of these condensed interim financial statements)

TIMIA CAPITAL CORP.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

(Expressed in Canadian dollars)

	Common Shares						
	Issued	**Amount**	**Share subscriptions received**	**Equity component of convertible debentures**	**Share-based payment reserve**	**Deficit**	**Total**
As at December 1, 2015	22,213,796	$ 3,102,739	$ 14,700	$ 70,689	$ 295,188	$ (1,606,973)	$ 1,876,343
Equity component of convertible debentures	-	-	-	11,381	-	-	11,381
Share-based payments	-	-	-	-	16,205	-	16,205
Warrants exercised	147,000	14,700	(14,700)	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	(86,945)	(86,945)
As at February 29, 2016	22,360,796	$ 3,117,439	$ -	$ 82,070	$ 311,393	$ (1,693,918)	$ 1,816,984
As at December 1, 2016	23,648,796	3,246,239	-	82,070	654,436	(2,031,924)	1,950,821
Share-based payments	-	-	-	-	5,627	-	5,627
Warrants issued on debentures	-	-	-	-	120,790	-	120,790
Net loss and comprehensive loss	-	-	-	-	-	(133,108)	(133,108)
As at February 28, 2017	23,648,796	$ 3,246,239	$ -	$ 82,070	$ 780,853	$ (2,165,032)	$ 1,944,130

(The accompanying notes are an integral part of these condensed interim financial statements)

1. NATURE OF OPERATIONS

TIMIA Capital Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 26, 2007 under the name Angelwest Capital Corp. The Company changed its name to GreenAngel Energy Corp. on October 27, 2009 and then to TIMIA Capital Corp. on September 23, 2015 and is listed on the TSX Venture Exchange (the "TSX-V") trading under the symbol "TCA". The Company primarily focuses on providing financing to Canadian technology companies in exchange for monthly interest payments structured as a percentage of revenue, subject to minimum monthly payments and a maximum eight year time frame. The Company's head office and principal place of business is Suite 209 - 415 West Cordova Street, Vancouver, British Columbia, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the presentation of these condensed interim financial statements are set out below. These policies have been consistently applied to all the years presented.

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the audited annual financial statements for the year ended November 30, 2016.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issuance by the Board of Directors on April *, 2017.

Basis of presentation

The condensed interim financial statements have been prepared using the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out below. All amounts are expressed in Canadian dollars unless otherwise stated.

Significant accounting judgements and estimates

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Loans receivable are reviewed on a quarterly basis as to their collectability and an appropriate impairment charge is provided where considered necessary. The Company estimates a loan loss allowance on a quarterly basis by reviewing the underlying loan portfolio. The allowance represents the Company's estimate of the expected credit losses inherent in the loan portfolio. In addition, the Company also completes a loan specific analysis to assess whether there are indications of impairment. The Company reviews a variety of factors such as maintenance of loan repayments in accordance with the contractual obligations, general economic conditions, the underlying stability of the company to which the loan was granted and has periodic discussions with management of each company. The Company then makes an assessment using this information on whether or not the loan is impaired. Changes in these estimates and assessments may have a material impact on these financial statements. The information about other significant areas of estimation uncertainty considered by management in preparing the financial statements are:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates (continued)

- Fair value of investment in securities not quoted in an active market;
- Recognition of deferred tax assets; and
- Calculation of share-based payments expense.

The information about significant areas of judgement considered by management in preparing the condensed interim financial statements are:

- Assessment of the Company's ability to continue as a going concern;
- The classification of financial instruments; and
- The valuation of financial assets and liabilities recorded on the statement of net assets which are derived from a variety of valuation techniques.

Cash

Cash is comprised of cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Financial instruments

All financial instruments are initially measured at fair value and categorized as either held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale or other financial liabilities.

Held-to-maturity financial assets are measured at amortized cost using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

FVTPL financial instruments are measured at fair value with changes in fair value charged or credited to earnings in the period in which they arise.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Impairment losses are charged to net earnings in the period in which they arise.

Available-for-sale financial instruments are measured at fair value with changes in fair value charged or credited to other comprehensive income. Impairment losses are reclassified from other comprehensive income and charged to net earnings in the period in which they arise.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans receivable

Loans receivable consist of loans provided to Canadian technology companies in exchange for monthly interest payments structured as a percentage of revenue, subject to minimum monthly payments and a maximum eight year time frame. Loans receivable are recognized as non-derivative financial assets and are classified as loans and receivables. After initial measurement, loans receivable are subsequently measured at amortized cost using the effective interest method. When the original cash flows have been revised, the resulting adjustment to the amortized cost is reflected as either income or expense in the statement of comprehensive income and loss. Any losses arising from impairment are recognized in the statement of comprehensive income and loss.

The Company assesses at each reporting date whether there is any objective evidence that a loan receivable is impaired. A loan receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact of the estimated future cash flows of the loan receivable that can be reliably estimated. Evidence of impairment may include indications that the investee is experiencing significant financial difficulty, default, or delinquency in interest payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and this loss is recorded in the statement of comprehensive income and loss.

Equity investments

Equity investments consist of common shares, preferred shares, partnership units and warrants held in non-public companies that are focused on the production or conservation of energy or energy efficiency improvements. At the end of each financial reporting period, the Company's management estimates fair value of its investments based on the criteria below and records such valuations in the financial statements. Options and warrants of non-public companies are carried at $nil.

Equity investments are initially recorded at cost, being the fair value at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by taking into account the following circumstances:

- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee, in which case the fair value of the investment is adjusted to the value at which the financing took place;
- Based on financial information received from the investee it is apparent to the Company that the investee is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward;
- The investee is placed into receivership or bankruptcy; or
- There have been significant corporate, political, operating or economic events affecting the investee that, in the Company's opinion, have a positive or negative impact on the investee's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be ultimately realized or realizable. Such events include, without limitation:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity investments (continued)

- receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);
- release by the investee of positive or negative technical results, which either proves or disproves its technical prospects; and
- management personnel changes at the investee level that the Company's management believes will have a very positive or negative impact on the investee's ability to achieve its objectives and build value for shareholders.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. Absent the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not ultimately be realized.

Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the statement of comprehensive loss.

Revenue recognition

Interest income on loans

Interest income on loans is determined using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the income over the life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

Advisory income

Revenue for marketing activities and corporate and advisory services are recognized when persuasive evidence of an arrangement exists, services have been rendered, the price is determinable, and collectability is reasonably assured.

From time to time, the Company may receive payment in the form of common or preferred shares for corporate or advisory services rendered. In order to record revenue, the Company uses the estimated fair values of the equity instruments received at such time that the services have been rendered.

Functional currency

The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Basic and diluted income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted income (loss) per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based payment transactions

The share option plan allows Company employees and consultants to acquire shares of the Company. All options granted are measured at fair value and are recognized in expenses as share-based payments with a corresponding increase in equity reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value of employee options is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model (“Black-Scholes Model”) taking into account the terms and conditions upon which the options were granted. Share options granted to nonemployees or consultants are measured at the fair value of goods or services received. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value and the fair value of the liability component.

Debentures

The Company uses the relative fair value method when allocating the fair value of the share purchase warrants issued in conjunction with debentures. The Company measures the fair value of the debentures issued at the fair value of the consideration received. The Company measures the fair value of the warrants on the date of issuance as determined using the Black-Scholes option pricing model.

Accounting standards adopted during the year

There were no new or amended accounting standards scheduled for mandatory adoption on December 1, 2016 and thus no new accounting standards were adopted in three months ended February 28, 2017.

Accounting standards and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended February 28, 2017. These standards have been assessed to not have a significant impact on the Company's financial statements.

The following accounting standards will be adopted by the Company effective December 1, 2017:

IAS 7 Statement of Cash Flows – The objective of the amendments to IAS 7 is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments to IAS 7 respond to investors' requests for information that helps them better understand changes in an entity's debt, which is important to their analysis of financial statements.

The following accounting standards will be adopted by the Company effective December 1, 2018:

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 which replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenue*, IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers*, and SIC 31 – *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards and amendments issued but not yet effective (continued)

IFRS 9 Financial Instruments – IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Management is currently evaluating any impact that the above standards may have on the Company's financial statements and this assessment has not yet been finished.

3. LOANS RECEIVABLE

On July 31, 2015, the Company entered into a loan agreement with Lambda Solutions Inc. ("Lambda"). Under the terms of the agreement, the Company paid $500,000 to Lambda and will receive monthly interest and principal payments based on a prescribed percentage of Lambda's monthly revenue. On November 25, 2016, the Company and Lambda agreed to amend the loan agreement and the Company provided a $100,000 follow-on loan to Lambda. In exchange for this follow-on loan, the Company will receive an additional monthly interest payment based on a prescribed percentage of Lambda's revenue. The loan term will end on the earlier of the full payment of $600,000 or eight years from July 31, 2015.

On October 30, 2015, the Company entered into a loan agreement with QuickMobile Inc. ("QuickMobile"). Under the terms of the agreement, the Company paid $1,000,000 to QuickMobile and will receive monthly interest and principal payments based on a prescribed percentage of QuickMobile's monthly software license revenue. On June 1, 2016, the Company and QuickMobile agreed to amend the loan agreement and the Company provided a $1,000,000 follow-on loan to QuickMobile. In exchange for this follow-on loan, the Company will receive an additional monthly interest payment based on a prescribed percentage of QuickMobile's software license revenue. The loan term will end on the earlier of the full payment of $2,000,000 or eight years from October 30, 2015.

On February 4, 2016, the Company entered into a loan agreement with Predictable Revenue Inc. ("Predictable"). Under the terms of the agreement, the Company paid $400,000 to Predictable and will receive monthly interest and principal payments based on a prescribed percentage of Predictable's

3. LOANS RECEIVABLE (continued)

revenue excluding certain consulting revenue. Upon entering into the loan agreement the Company received 9,669 share purchase warrants of Predictable with each warrant entitling the Company to acquire one common share of Predictable at $15.51 until February 4, 2026. On August 12, 2016, the Company and Predictable agreed to amend the loan agreement and the Company provided a $250,000 follow-on loan to Predictable. In exchange for this follow-on loan, the Company will receive an additional monthly interest payment based on a prescribed percentage of Predictable's revenue. The loan term will end on the earlier of the full payment of $650,000 or eight years from February 4, 2016.

On March 31, 2016, the Company entered into a loan agreement with iCompass Technologies Inc. ("iCompass"). Under the terms of the agreement, the Company paid $750,000 to iCompass and will receive monthly interest and principal payments based on a prescribed percentage of iCompass' revenue. Upon entering into the loan agreement the Company received 187,500 share purchase warrants of iCompass with each warrant entitling the Company to acquire one common share of iCompass at $0.60 until March 31, 2024. On September 12, 2016, the Company and iCompass agreed to amend the loan agreement and the Company provided a $250,000 follow-on loan to iCompass. In exchange for this follow-on loan, the Company will receive an additional monthly interest payment based on a prescribed percentage of iCompass' revenue. Upon entering into the amended loan agreement the Company received an additional 50,000 share purchase warrants of iCompass with each warrant entitling the Company to acquire one common share of iCompass at $0.75 until March 31, 2024. The loan term will end on the earlier of the full payment of $1,000,000 or eight years from March 31, 2016.

	February 28, 2017	November 30, 2016
Opening balance	$ 4,319,248	$ 1,512,129
Advances on loans receivable	-	2,750,000
Interest revenue	208,879	592,504
Interest and principal payments	(234,968)	(535,385)
Closing balance	4,293,159	4,319,248
Less: current portion	(72,487)	(71,071)
Non-current portion	$ 4,220,672	$ 4,248,177
Loan loss provision, opening balance	$ (100,750)	$ (7,417)
Add: loan loss provision for outstanding loans	(31,875)	(93,333)
Less: loan loss applied	-	-
Loan loss provision, closing balance	$ (132,625)	$ (100,750)
Loans receivable, non-current portion	$ 4,220,672	$ 4,248,177
Loan loss provision, closing balance	(132,625)	(100,750)
Loans receivable, net of loan loss, non-current portion	$ 4,088,047	$ 4,147,427

On a quarterly basis, the Company carries out a credit quality review of the portfolio of loans receivable. The review considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. Although no specific loan losses have been provided for, a general loan loss provision of 3% of the weighted average loans receivable balance outstanding has been accrued ($132,625) and is included in the amounts presented above.

4. EQUITY INVESTMENTS

As at February 28, 2017, the Company held the following equity investments:

Investees	Common Shares	Preferred Shares	Partnership Units	Cost	Fair Value
Mazza Innovation Ltd.	480,000	-	-	$ 120,000	$ 120,000
Moj.io Inc.	427,998	-	-	43	130,257
CamDo Solutions Inc.	1,062,500	-	-	25,100	423,694
				$ 145,143	$ 673,951

As at November 30, 2016, the Company held the following equity investments:

Investees	Common Shares	Preferred Shares	Partnership Units	Cost	Fair Value
Mazza Innovation Ltd.	480,000	-	-	$ 120,000	$ 120,000
Moj.io Inc.	427,998	-	-	43	130,257
CamDo Solutions Inc.	1,062,500	-	-	25,100	422,884
				$ 145,143	$ 673,141

On November 30, 2015, the Company completed the sale of its common shares of dPoint Technologies Inc. for total proceeds of $1,030,909 and recorded a realized gain on the sale of $680,909. The total proceeds were included in funds receivable at November 30, 2015. Out of the total proceeds of $1,030,909, $917,246 was received during the year ended November 30, 2016 and $113,663 is currently being held in escrow and will be distributed to the Company 16 months after the completion date of the sale. Therefore the portion of the funds receivable representing this escrow balance was classified as a current asset as of February 28, 2017. On April 6, 2017, the Company received total proceeds of $116,300, in settlement of this amount. The Company recorded earned interest revenue of $2,637.

The Company's investment in Mazza Innovation Ltd. was subject to the following vesting conditions: 120,000 common shares vest immediately upon grant (November 30, 2012) and the remaining shares vested daily over three years. During the year ended November 30, 2015, $3,196 vested and was recorded as financing revenue in the statements of comprehensive income and loss.

The Company's initial investment of 1,000,000 common shares in CamDo Solutions Inc. is subject to the following vesting conditions: 250,000 common shares vest immediately upon grant (May 1, 2015) and the remaining shares vest daily over 25 months. During the year ended November 30, 2016, 333,333 common shares vested.

During the year ended November 30, 2016, the Company disposed of its investments in Delaware Power Systems Corp. and Light-Based Technologies Inc. and recorded a realized loss on the disposals of $804,500.

4. EQUITY INVESTMENTS (continued)

During the year ended November 30, 2015, the Company disposed of its investments in Habitat Enterprises Ltd. and Paradigm Environmental Technologies Inc. and recorded a realized loss on the disposals of $677,675.

The Company's investment in Espresso Capital Limited Partnership was redeemed on March 31, 2016 at the Company's option in accordance with the underlying agreement. The full amount of the investment, $485,000 was received as well as interest owing to the date of the redemption.

5. NOTES PAYABLE

During the year ended November 30, 2014, the Company issued $285,500 in promissory notes. The promissory notes mature two years from the date of issuance. The promissory notes bear interest at the lesser of 9% per annum or the note holder’s pro-rata share of interest in the distributions from the Limited Partner Units (“LP Units”) received by the Company. The proceeds from the promissory notes issued were invested in the LP Units of Espresso Capital Limited Partnership (see Note 4).

During the year ended November 30, 2015, the Company issued $200,000 in promissory notes to bring the total of the notes outstanding to $485,500. The promissory notes mature two years from the date of issuance. The promissory notes bear interest at the lesser of 9% per annum or the note holder’s prorated share of interest in the distributions from the LP Units received by the Company. The promissory notes outstanding as at November 30, 2015 mature between February 2016 and February 2017. At the option of the Company the maturity date can be extended for a period of up to one year. The proceeds from the promissory notes issued were invested in the LP Units (see Note 4).

	February 28, 2017	November 30, 2016
Opening balance	$ -	$ 492,802
Proceeds from notes payable	-	-
Redemption of notes payable	-	(485,500)
Interest accretion	-	15,922
Interest paid	-	(23,224)
Closing balance	-	-
Less: current portion	-	-
Non-current portion	$ -	$ -

On April 11, 2016, the Company redeemed all $485,500 of Notes Payable outstanding and paid all interest owing to that date.

6. CONVERTIBLE DEBENTURES

During the year ended November 30, 2015, the Company closed an offering of convertible debentures (the “Convertible Debentures”) for gross proceeds of $1,767,500 (the “Principal”). The issue costs were $6,656 resulting in net proceeds of $1,760,844. The Convertible Debentures bear interest from the date of issuance at 8% per annum, payable monthly in arrears. The Convertible Debentures have a maturity date of five years from the date of issuance (the “Maturity Date”). The debenture holders may elect at any time to convert all, but not less than all, of their outstanding Principal amount prior to the Maturity Date into common shares of the Company at a conversion price of $0.14 per common share.

During the year ended November 30, 2016, the Company closed an additional offering of Convertible Debentures for gross proceeds of $283,500 bringing the total amount of Convertible Debentures raised to $2,051,000.

For accounting purposes, the Convertible Debentures are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 9% for Convertible Debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the Convertible Debentures and the fair value of the liability component.

The Convertible Debentures are not redeemable before the third anniversary from the issuance date. On or after the third anniversary of the issuance date, but prior to the Maturity Date, the Company may, at its option, redeem the Convertible Debentures, in whole or in part, at a price equal to the principal amount of the Convertible Debentures plus all accrued and unpaid interest up to but excluding the date of redemption.

The Company is not permitted to grant any lien on the Company or its assets as long as the Convertible Debentures are outstanding except with the permission of more than 67 percent of the Convertible Debentures holders.

The following table summarizes the outstanding balance and changes in the components of the convertible debentures during the periods ended February 28, 2017 and November 30, 2016:

	February 28, 2017	November 30, 2016
Principal		
Beginning balance	$ 2,051,000	$ 1,767,500
Advanced during the period	-	283,500
Gross proceeds received	2,051,000	2,051,000
Issue costs	(6,656)	(6,656)
Equity component less issue costs allocated	(82,070)	(82,070)
Liability component initially recognized	1,962,274	1,962,274
Accretion expense	20,350	17,068
Ending balance	1,982,624	1,979,342
Equity		
Beginning balance	82,070	70,689
Equity component recognized	-	11,381
Ending balance	$ 82,070	$ 82,070

7. DEBENTURES

During the year ended November 30, 2016, the Company closed an offering of debentures (the “Debentures”) for proceeds of $1,490,000. The Debentures are unsecured, pay interest at the rate of 8% per annum, paid monthly, and mature on March 31, 2021, with an option for early redemption by the company after three years. The Company issued a total of 3,725,000 share purchase warrants in conjunction with the closing of the Debentures. Each warrant is exercisable at $0.20 for a five-year term. The Debentures, the warrants and any common shares issuable upon exercise thereof will be subject to a four-month hold period in accordance with applicable securities laws. The warrants were valued at $314,811 and have been recorded against the value of the Debentures and will be accreted over the expected life of the Debentures. During the period ended February 28, 2017, $17,398 has been recognized as accretion expense.

The Company has agreed not to allow any liens or charges to be registered against the Company’ assets as long as the Debentures are outstanding, except with the permission of more than 67% of the Debenture holders in certain limited circumstances and conditions.

During the period ended February 28, 2017, the Company initiated a new series of debenture offerings for up to $1,000,000 in debentures. The debentures will pay 12% annual interest with quarterly payments and will be secured against the assets of the Company with a maturity date of June 15, 2022, with an option for early redemption by the Company after 3 years from the date of issuance. Investors who subscribe for more than $50,000 of the debentures will be entitled to common share purchase warrants at a rate of 4,000 warrants per $10,000 of debenture. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.25 and will have an expiry date of June 15, 2022.

During the period ended February 28, 2017, the Company closed an offering of an additional $850,200 of Debentures bringing the total amount of Debentures issued to $2,340,200.

The following table summarizes the outstanding balance and changes in the amounts recognized in the components of the debentures during the periods ended February 28, 2017 and November 30, 2016:

	February 28, 2017	November 30, 2016
Principal		
Beginning balance	$ 1,199,114	$ -
Advanced during the period	850,200	1,490,000
Gross proceeds received	2,049,314	1,490,000
Allocated to warrants	(120,790)	(314,811)
Liability component initially recognized	1,928,524	1,175,189
Accretion expense	17,398	23,925
Ending balance	$ 1,945,922	$ 1,199,114

8. SHARE CAPITAL

(a) Authorized:

An unlimited number of common voting shares without par value.

(b) Issued:

During the year ended November 30, 2015, the Company issued 5,000,000 Units at a price of $0.05 per unit for gross proceeds of $250,000. Each Unit consists of one common share of the Company and one non-transferrable common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at $0.06 per share for a period of two years. Share issue costs of $9,541 were incurred on the share issuance.

On December 21, 2015, the Company issued 147,000 common shares for the exercise of 147,000 warrants at an exercise price of $0.10 per warrant for proceeds of $14,700. The proceeds received were included as share subscriptions received at November 30, 2015.

On October 12, 2016, the Company closed a private placement of 1,288,000 Units at a price of $0.10 per unit for gross proceeds of $128,800. Each unit consists of one common share of the Company and one non-transferrable common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share of the Company at $0.115 for a period of two years.

(c) Stock options:

The Company has adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, the exercise price of an option shall not be less than the discounted market price at the time of granting, or as permitted by the policies of TSX-V. Options granted may not exceed a term of five years from the grant date. Options granted to consultants conducting investor relation activities vest 25% upon grant, and 25% every three months thereafter. The vesting period for all other options will be determined by the Board of Directors at the time of each grant.

	Number of Options		Weighted Average Exercise Price
Balance, November 30, 2014	1,725,000	$	0.14
Granted	1,560,000		0.05
Cancelled	(680,000)		0.16
Expired	(400,000)		0.20
Balance, November 30, 2015 and 2016 and February 28, 2017	2,205,000	$	0.07

8. SHARE CAPITAL (continued)

(c) Stock options: (continued)

Additional information regarding stock options outstanding as at February 28, 2017 is as follows:

	Outstanding			Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 0.10	300,000	1.17	$ 0.10	258,630	$ 0.10
0.10	345,000	2.13	0.10	187,151	0.10
0.05	880,000	3.43	0.05	94,831	0.05
$ 0.06	680,000	3.55	0.06	46,575	0.06
	2,205,000	2.96	$ 0.07	587,187	$ 0.09

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. The expected volatility used in valuing stock options is based on volatility observed in historical periods. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the options re-priced and granted to officers, directors, consultants, and employees was calculated using the Black-Scholes option pricing model with following weighted average assumptions and resulting grant date fair value:

	2015
Weighted average assumptions:	
Risk-free interest rate	0.78%
Expected dividend yield	-
Expected option life (years)	5.00
Expected stock price volatility	137%
Weighted average fair value at grant date	$0.05
Expected forfeiture rate	-

8. SHARE CAPITAL (continued)

(d) Warrants:

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2014	449,000	$	0.07
Expired	(302,000)		0.10
Exercised	(147,000)		0.10
Issued	5,000,000		0.06
Balance, November 30, 2015	5,000,000		0.06
Issued	5,013,000		0.18
Balance, November 30, 2016	10,013,000	$	0.12
Issued	1,250,000		0.20
Balance, February 28, 2017	11,263,000	$	0.13

Additional information regarding warrants outstanding and exercisable as at February 28, 2017 is as follows:

Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 0.06	5,000,000	0.45	$ 0.06
0.12	1,288,000	1.62	0.12
0.20	2,175,000	4.25	0.20
0.20	625,000	4.39	0.20
0.20	925,000	4.76	0.20
$ 0.06	1,250,000	5.00	0.20
	11,263,000	2.40	$ 0.13

9. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION

The Company had the following related party transactions:

(a) Convertible debentures of $nil (November 30, 2016: $5,000) were issued to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at February 28, 2017, there was $814,571 (November 30, 2016: $819,419) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel.

(b) Debentures of $nil (November 30, 2016: $108,000) were issued to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel. As at February 28, 2017, there was $159,200 (November 30, 2016: $108,724) due to directors, officers, family members of directors and officers and a company controlled by a family member of a director and officer identified as key management personnel.

(c) Accounts payable of $15,914 (November 30, 2016: $35,949) was due to directors and officer identified as key management personnel as at February 28, 2017.

9. RELATED PARTY TRANSACTIONS AND EXECUTIVE COMPENSATION (continued)

(d) The Company purchased nil (November 30, 2016: 62,500) common shares of CamDo Solutions Inc. The Company and CamDo Solutions Inc. have a director in common.

(e) As at February 28, 2017, there were promissory notes of $nil (November 30, 2016: $nil) due to a company controlled by a family member of a director and officer identified as key management personnel and $nil (November 30, 2016: $nil) due to an officer of the Company.

The Company considers the Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Executive Vice-President and directors as key management personnel. Key management compensation for the three months ended February 28, 2017 and February 29, 2016 were as follows:

(a) Directors fees of $9,237 (2016: $20,221) were accrued or paid during the three month period ended February 28, 2017.

(b) Management fees of $43,675 (2016: $36,817) were accrued or paid during the three month period ended February 28, 2017.

(c) Share-based payments of $5,627 (2016: $16,205) were recorded for directors and certain officers identified as key management personnel.

10. FINANCIAL INSTRUMENTS AND RISK

Financial Instruments

The following table summarizes information regarding the carrying values and classification of the Company's financial instruments:

	February 28, 2017	November 30, 2016
Cash – FVTPL	$ 967,391	$ 217,355
Accounts receivable – Loans and receivables	79,557	72,558
Funds receivable – Loans and receivables	113,663	113,663
Loans receivable – Loans and receivables	4,160,534	4,218,498
Equity investments – FVTPL	673,951	673,141
Accounts payable – Other financial liabilities	152,293	124,702
Convertible debentures – Other financial liabilities	1,996,125	1,995,177
Debenture subscription received – Other financial liabilities	350,200	50,000
Debentures – Other financial liabilities	$ 1,611,533	$ 1,209,121

The estimated fair values of cash and accounts payable approximate their respective carrying values due to their nature and short terms to maturity. Equity investments are carried at their fair value. Notes payable, loans receivable, convertible debentures, debentures and debenture subscriptions received are carried at amortized cost.

10. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial Instruments (continued)

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The following table presents the Company's financial instruments, measured at fair value on the statements of net assets and categorized into levels of the fair value hierarchy:

	Balance at February 28, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 967,391	$ 967,391	$ -	$ -
Equity investments	$ 673,951	$ -	$ 673,951	$ -

The investment operations of the Company's business involve the purchase and sale of securities, and accordingly, a portion of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, a discussion of which is provided below.

There were no transfers from Level 1 to 2 or Level 2 to 1 during the periods ended February 28, 2017 and November 30, 2016.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and loans receivable. The Company limits exposure to credit risk by maintaining its cash with financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and loans receivable.

In monitoring credit risk the Company performs ongoing credit evaluations of its investees' financial condition. The evaluation considers delinquency trends, sales volumes and the investee's ability to maintain its financial condition. Included in the amounts presented is a loan loss provision of $132,625.

10. FINANCIAL INSTRUMENTS AND RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is dependent on obtaining regular financings in order to continue as a going concern. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 years	Within 5 years
	$	$	$	$	$
Accounts payable	152,293	152,293	152,293	-	-
Convertible debentures	1,996,125	2,064,501	13,501	-	2,051,000
Debentures	1,961,733	2,356,011	15,811	-	2,340,200
Total	4,110,151	4,572,805	181,605	-	4,391,200

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, the Company adjusts its investments to fair value at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which could have a significant unfavourable effect on the Company's financial position. The Company manages market risk by having a portfolio of investments not singularly exposed to any one issuer; however, its investment activities are currently concentrated primarily in the technology and energy sectors. The Company also manages its market risk by reviewing commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to identify and to invest in investments with strong cash-flow and long-term growth potential, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long-term. The Company is subject to certain restrictions on its assets as described in Note 7. The Company does not have any other externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity, convertible debentures and debentures.

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

The Company's investment policy is to invest in software companies that have strong revenue growth and gross margins. Management looks to invest in assets that will create routine monthly cash-flow, as well as periodic gains when the investments are sold or achieve an initial public offering.

If the Company does not receive sufficient cash flows from its activities, it may have to undertake a private placement to cover its cash outflows.

12. SUBSEQUENT EVENTS

On March 24, 2017, the TSX Venture Exchange has accepted for filing Timia Capital Corp.'s proposal to issue 2.51 million bonus warrants, exercisable at 20 cents per share for five years, in consideration of loans of $1,004,000.