RISKS AND UNCERTAINTIES

High Degree of Product Concentration

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

Competition

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

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

Market Uncertainty

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

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

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

Labour and Key Personnel

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

Growth Management and Market Development

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

Pricing Policies

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

Product Failures and Mistakes

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

Technological Obsolescence

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

The fair value of financial instruments

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

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

The classification and measurement base of financial instruments

The classification and measurement base for the Company's financial instruments as follows:

Financial Instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade and other accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost
Debentures	Other financial liabilities	Amortized cost

FINANCIAL RISK MANAGEMENT

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

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

Cash

Cash consists of bank balances and petty cash. Credit risk associated with cash and bank is minimized substantially by ensuring that these financial assets are invested in debt instruments of highly rated financial institutions. As at March 31, 2019, the Company held cash and bank balances of $42 (December 31, 2018 - $44).

Trade and Other Accounts Receivable

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has working capital deficiency of $1,614 (December 31, 2018 - $2,705).

The following items are the contractual maturities of financial liabilities:

March 31, 2019	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 1,657	$ 1,657	$ 1,657	$ -
Reclamation and decomissioning obligations	411	411	411	-
Advances	577	577	577	-
Lease obligation	183	183	42	141
Debentures	55	55	55	-
Non-cash liabilities	309	309	309	-
Long term debt	186	186	50	136
	$ 3,378	**$ 3,378**	**$ 3,101**	**$ 277**

December 31, 2018	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 2,096	$ 2,096	$ 2,096	$ -
Reclamation and decomissioning obligations	411	411	411	-
Advances	608	608	608	-
Income tax payable	24	24	24	-
Debentures	54	54	54	-
Non-cash liabilities	24	24	24	-
Long term debt	200	200	50	150
	$ 3,416	**$ 3,416**	**$ 3,266**	**$ 150**

Market Risk

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

Foreign Exchange

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 March 31, 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 March 31, 2019 on this amount would have resulted in an exchange gain or loss and therefore net income would have increased (decreased) by $1.

Capital Management

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or debt. The Company considers its capital to include shareholders' deficiency which amounts to $984 (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 three months ended March 31, 2019.

Investor Relations

During the three months ended March 31, 2019, the Company performed its own investor relations. The Company will continue to perform its own investor relations for the foreseeable future.

SUBSEQUENT EVENTS

(a) Subsequent to March 31, 2019, The Company converted $300,000 of the convertible debentures owing by the Company by STC into 6,000,000 STC common shares at a conversion price of $0.05 per share.

(b) Subsequent to March 31, 2019, the Company has entered into a non-binding letter of intent (the "LOI") with CannCentral Inc. ("CannCentral"), an arm's length party incorporated pursuant to the laws of the Province of Ontario. Pursuant to the terms of the LOI, the Company will acquire all of the issued and outstanding securities of CannCentral (the "Proposed Acquisition"). As a result of the Proposed Acquisition, the current shareholders of IntellaEquity will own 10% of the issued and outstanding shares of the resulting company and the shareholders of CannCentral will own the remaining 90% of the shares. The Proposed Acquisition will be completed through a three cornered amalgamation between the Company, a wholly owned subsidiary of the Company and CannCentral.

(c) Subsequent to March 31, 2019, STC has entered into a non-binding letter of intent (the "LOI") with GreenInsightz Limited ("GreenInsightz"), an arm's length party to acquire all of the issued and outstanding securities of GreenInsightz for an aggregate purchase price of $7,500 that will be satisfied through the issuance of common shares of STC. The closing of the proposed acquisition is subject to, among things, the successful completion of the Company's due diligence review of GreenInsightz and the execution of a definitive share exchange agreement between the Company and the shareholders of GreenInsightz and subject to all regulatory requirements and shareholder approval. GreenInsightz uses patented artificial intelligence and machine learning solutions for social discovery in the cannabis industry. GreenInsightz offers its clients analysis and solutions for audience discovery, brand reputation, marketing and communications on the basis of data drawn from social media that is analyzed with advanced proprietary techniques. In addition to social media discovery, GreenInsightz is a powerful tool for collecting, analyzing and reporting on all sorts of structured and unstructured data making it an ideal solution for growers collecting information from sensors, IOT analysis and patient data analysis.