IntellaEquity Inc.

(Formerly - Augusta Industries Inc.)

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

June 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.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS
AS AT JUNE 30, 2019 AND DECEMBER 31, 2018

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

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets			
Current Assets			
Cash and cash equivalents		$ 77	$ 44
Trade and other accounts receivable	3	358	395
Inventory	4	37	37
Tax credits receivable	6	20	20
Prepaid expenses and other assets		74	65
Total Current Assets		566	561
Non-Current Assets			
Equipment and right of use assets	7	219	25
Oil and gas property interests	8	509	509
Deposits	9	337	334
Total Non-Current Assets		1,065	868
Total Assets		$ 1,631	$ 1,429
Liabilities and Shareholders' Deficiency			
Current Liabilities			
Accounts payable and accrued liabilities		$ 1,545	$ 2,095
Reclamation and decommissioning obligations		411	411
Deferred revenue		402	24
Income tax payable		-	24
Long term debt - current portion	10	56	50
Lease obligations - current portion	11	66	-
Advances	12	576	608
Convertible debentures	13	57	54
Total Current Liabilities		3,113	3,266
Non-Current Liabilities			
Long term debt	10	118	150
Lease obligations - long term	11	157	-
Total Non-Current Liabilities		275	150
Total Liabilities		3,388	3,416
Shareholders' Deficiency			
Share capital	14(a)	5,535	5,535
Warrants	14(b)	671	671
Reserves	14(c)	2,899	2,879
Accumulated other comprehensive income		-	21
Deficit		(11,022)	(11,231)
Total deficiency attributable to owners		(1,917)	(2,125)
Non-controlling interest		160	138
Total Shareholders' Deficiency		(1,757)	(1,987)
Total Liabilities and Shareholders' Deficiency		$ 1,631	$ 1,429

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

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

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

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six Months ended June 30, 2019	Six Months ended June 30, 2018
Sales		$ 280	$ 384	$ 524	$ 2,103
Interest income		1	-	3	-
Cost of sales		(59)	(286)	(203)	(1,731)
Gross profit		**222**	**98**	**324**	**372**
Expenses					
Research and development		(28)	(40)	(50)	(80)
Selling		-	(11)	-	(18)
General and administrative	18	(95)	(294)	(281)	(489)
Exploration expenses		(16)	-	(23)	-
Total expenses		(139)	(345)	(354)	(587)
Income (loss) from operations		83	(247)	(30)	(215)
Finance costs	10, 11	(37)	(12)	(74)	(22)
Stock based compensation	14(c)	(8)	(24)	(20)	(55)
Gain on sale of subsidiary	5	501	-	358	-
Equity pick-up		(7)	-	-	-
Foreign exchange gain (loss)		(16)	(16)	(3)	(25)
Net income (loss)		516	(299)	231	(317)
Other comprehensive income (loss)		(3)	6	(21)	12
Comprehensive income (loss)		$ 513	$ (293)	$ 210	$ (305)
Net income (loss) attributable to:					
Shareholders		494	(299)	209	(317)
Non-controlling interest		22	-	22	-
		516	(299)	231	(317)
Comprehensive income (loss) attributable to:					
Shareholders		491	(293)	188	(305)
Non-controlling interest		22	-	22	-
		513	(293)	210	(305)
Net income (loss) per share:					
Basic	14(d)	$ 0.02	$ (0.01)	$ 0.01	$ (0.01)
Diluted	14(d)	$ 0.02	$ (0.01)	$ 0.01	$ (0.01)
Weighted average number of shares outstanding:					
Basic	14(d)	25,630	25,630	25,630	25,630
Diluted	14(d)	29,794	25,630	29,794	25,630

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

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

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

	Share Capital						
	Number	Amount	Warrants	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2017	256,296	$ 5,535	$ 671	$ 1,829	$ 1	$ (8,580)	$ (544)
Net loss for the period	-	-	-	-	-	(317)	(317)
Stock based compensation	-	-	-	55	-	-	55
Other comprehensive income	-	-	-	-	12	-	12
Balance, June 30, 2018	256,296	$ 5,535	$ 671	$ 1,884	$ 13	$ (8,897)	$ (794)
Balance, December 31, 2018	25,630	$ 5,535	$ 671	$ 2,879	$ 21	$ (11,231)	$ (2,125)
Net income for the period	-	-	-	-	-	209	209
Stock based compensation	-	-	-	20	-	-	20
Other comprehensive loss	-	-	-	-	(21)	-	(21)
Balance, June 30, 2019	25,630	$ 5,535	$ 671	$ 2,899	$ -	$ (11,022)	$ (1,917)

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

INTELLAEQUITY INC. (FORMERLY – AUGUSTA INDUSTRIES INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

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

	Six months ended June 30	
	2019	**2018**
CASH PROVIDED BY OPERATING ACTIVITIES		
Net income (loss) for the period	231	$ (317)
Items not involving cash:		
Amortization	50	4
Accrued interest on convertible debentures	3	3
Accrued interest on advances	8	-
Gain on sale of subsidiary	(358)	-
Stock-based compensation	20	55
	(46)	(255)
Changes in non-cash working capital:		
Trade and other accounts receivable	(81)	(184)
Inventory	-	-
Tax credit receivable	-	(11)
Prepaid expenses and other assets	(11)	223
Income tax payable	(24)	-
Accounts payable and accrued liabilities	(27)	178
Deferred revenue	378	145
	235	351
	189	96
CASH USED IN INVESTING ACTIVITIES		
Sale of subsidiary	(27)	-
Increase in deposits	(3)	-
	(30)	-
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from advances	20	488
Repayment of advances	(60)	(433)
Repayment of long-term debt	(26)	(27)
Lease payments made	(39)	-
	(105)	28
Effect of changes in foreign exchange rate	(21)	12
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	33	136
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	44	83
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 77	$ 219
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	-	-
Interest paid	$ 8	$ 6

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

1. 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.

These interim condensed consolidated financial statements ("interim consolidated statements) were approved for issue by the Board of Directors on August 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 six-month periods ended June 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.

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 financial statements include the accounts of the Company and its wholly-owned subsidiaries, Fiber Optic Systems Technology (Canada), Inc., PinPoint FOX-TEK Inc., Marcon International Inc., Marcon International (USA) Inc., Marcon International (UK) Ltd. and its 82% owned subsidiary Sensor Technologies Corp. 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%. The regulatory bodies have not yet given permission for the distribution and accordingly the Company views that it still controlled 47,500 of common shares of STC (82%) as at June 30, 2019.

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.

(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 has earned a net income of $231 for the six months ended June 30, 2019 (six months ended June 30, 2018 – $(317)) and has an accumulated deficit of $11,022 (December 31, 2018 – $11,231) from inception. The challenges of securing requisite funding beyond June 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. The collectible amount receivable from Lakeshore Capital amounting to $137 has been included in the interim consolidated statement of financial position as at June 30, 2019 as trade and other accounts receivable.

In 2019, the conversion price of the remaining convertible debenture in the aggregate amount of $1,853, that was eliminated on consolidation, was amended from $0.20 per common share to $0.05 per common share subject to regulatory approval. Interest on the debenture will continue to accrue at an annual rate of 12%, subject to adjustments, until redeemed or converted in accordance with the terms of the debenture.

4. INVENTORY

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

	June 30, 2019	December 31, 2018
Raw materials	$ 37	$ 37

The total amount of inventory expensed as cost of goods sold during the six months ended June 30, 2019 was $203 (six months ended June 30, 2018 - $1,731).

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

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.

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:

Purchase price:		
Cash	$	-
Liabilities assumed		511
Total purchase price:		511
Assets disposed of:		
Cash		27
Trade and other accounts receivable		116
Prepaid expenses		2
Total assets disposed of:		145
Gain on disposal	$	(366)

The profits of Marcon USA from the date of disposal until June 30, 2019 to be recognized under the equity method are $Nil.

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 six months ended June 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 six months ended June 30, 2019.

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. Investment tax credits for the fiscal year are dependent upon qualification of each individual project under stringent technical criteria and amounts may vary upon further review by the Canada Revenue Agency. Adjustments to the claim, if any, will be accounted for in the year of assessment. Historically, the investment tax credits have been assessed as filed. The balance remains unassessed and uncollected as at June 30, 2019.

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

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)	-	(173)
Balance at June 30, 2019	12	-	19	22	262	315
Accumulated Amortization						
Balance at December 31, 2018	52	66	50	33	-	201
Disposals	(43)	(66)	(34)	(12)	-	(155)
Amortization	1	-	-	-	49	50
Balance at June 30, 2019	10	-	16	21	49	96
Net Book Value December 31, 2018	5	7	12	1	-	25
Net Book Value June 30, 2019	**2**	**-**	**3**	**1**	**213**	**219**

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 June 30, 2019 and December 31, 2018 totals $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. a 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. a 60% share of the Crown royalty;

b. a 60% share (36% after payout) of a 1% GORR payable on oil production;

c. a 5% to 15% variable convertible GORR payable in respect of oil production;

d. a 15% convertible GORR payable in respect of gas production; and

e. a 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.

The leases include the right to complete one infill well on each of the leases. Upon completion and payout of any infill well, the Company will have a 60% working interest in the applicable well subject to the encumbrances on the applicable lease.

(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.

10. LONG TERM DEBT

		June 30, 2019		December 31, 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.	$	174	$	200
Less: current portion		(56)		(50)
Long term debt	$	118	$	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 six months ended June 30, 2019, the Company paid $4 (2018 - $4) in interest related to this loan which is disclosed as finance costs in the interim consolidated statements of loss and comprehensive loss for the six months ended June 30, 2019 and 2018.

11. LEASE OBLIGATIONS

Commencing January 1, 2019, the Company is accounting for leases in accordance with IFRS 16. The lease obligations as of June 30, 2019 is as follows:

Balance on December 31, 2018	$	-
Additions		262
Payments		(39)
Balance on June 30, 2019	$	223

The lease obligations and right of use assets were calculated using the interest rate implicit in the lease varying from 2.7% p.a. and 4.1% p.a. where available or the Company's incremental borrowing rate of 10% p.a.

Of the balance outstanding on June 30, 2019, $66 are due within one year. Included in financial costs for the six months ended June 30, 2019 is $10 (2018 - $nil) for interest expense on the lease obligations.

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

12. ADVANCES

		June 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 Company	$	158	$	192
Loan payable – 10% to 12% per annum, due on demand, owing to a company controlled by the former CEO of the Company, secured against the assets of the Company		217		212
Loan payable – 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company		83		79
Loan payable – 12% per annum, due on demand, owing to a former director of the Company, secured against the assets of the Company		46		44
Loan payable – 12% per annum, due on demand, owing to an arm's length third party, secured against the assets of the Company		33		31
Loan payable – 15% per annum, due on demand, owing to an arm's length third party		39		50
	$	576	$	608

13. DEBENTURES

Balance as at December 31, 2018	$	54
Accrued interest		3
Balance as at June 30, 2019	$	57

On December 31, 2013, the Company completed a non-brokered private placement of secured convertible debentures of $504 with 4,056 detachable warrants. The debentures bear interest at a rate of 12% per annum payable at maturity on December 31, 2017. Each warrant entitled the holder to purchase one common share at $0.05 per share expiring on December 31, 2017. All or any part of the principal of the debenture can be converted into common shares by the holder at a conversion price of $0.05 per share for the first 12 months, and $0.10 per share until December 31, 2017. None of the debentures were converted into common shares.

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 matured on December 31, 2016 and are now due on demand. For the six months ended June 30, 2019, interest expense of $3 (six months ended June 30, 2018 - $3) are included in finance costs in the consolidated statements of loss and comprehensive loss.

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

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 US0.01 per share) of which 25,630 are issued and outstanding.

	Number of Shares		Amount
Balance as at December 31, 2018 and June 30, 2019	25,630	$	5,535

b) Common Stock Purchase Warrants

	Number of Warrants		Value		Weighted Average Exercise Price
Balance as at December 31, 2018 and June 30, 2019	3,014	$	671	$	0.80

As at June 30, 2019, the Company had the following warrants issued and outstanding:

No. of Warrants Issued and Outstanding		Exercise Price	Expiry	Weighted Average Remaining Life in Years
2,020		0.70	14-Jul-20	1.04
994		0.10	18-Dec-20	1.47
3,014	**$**	**0.50**		**1.18**

The 2,020 outstanding warrants expired on July 14, 2018, and were extended until July 14, 2020. All other provisions of the warrants will remain the same. The 994 outstanding warrants were extended to December 18, 2020 and the exercise price of the warrants were amended from $1.50 to $1.00 per common share. All other provisions of the warrants will remain the same.

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

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 of time that the options are expected to be outstanding based on historical warrants issued.

For the six months ended June 30, 2019, included in the consolidated statements of loss and comprehensive loss is stock-based compensation of $20 (2018 – $55) 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 June 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 June 30, 2019	1,150	$ 1.00

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

# of Options Outstanding	# of Options Excercisable	Exercise Price	Expiry Date	Remaining Contractual Life (years)
1,150	1,150	$ 1.00	January 30, 2022	2.59
1,150	1,150			

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

d) Earnings (loss) per share:

Numerator:		Six months ended June 30, 2019		2018
Net income (loss) for the period	$	209	$	(316)

Denominator:	Six months ended June 30, 2019	2018
Weighted average number of common shares outstanding - basic	25,630	25,630
Weighted average effect of dilutive stock options and warrants (i)	4,164	-
Weighted average number of common shares outstanding - diluted	29,794	25,630

Loss per share:		Six months ended June 30, 2019		2018
Basic	$	0.01	$	(0.01)
Diluted	$	0.01	$	(0.01)

(i) The diluted weighted average number of common shares outstanding excludes 4,212 shares related to convertible securities that were anti-dilutive for the six months ended June 30, 2018.

15. SEGMENTED INFORMATION

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

FOX-TEK develops non-intrusive asset health monitoring sensor systems for the oil and gas market to help operators track the thinning of pipelines and refinery vessels due to corrosion and erosion, strain due to bending or buckling, and process pressure and temperature. Fox-Tek's FT fiber optic sensor and EFM systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. In 2018 this was sold to STC and the segment information for the six months ended June 30, 2019 shows the combined STC group including FOX-TEK. The segment information for the six months ended June 30, 2018 shows only FOX-TEK as one of the units.

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

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

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

Six months ended June 30, 2019

	Marcon Operations	STC Operations	Corporate Operations	Total
Sales	$ 116	$ 340	$ 68	$ 524
Interest income	-	3	-	3
Cost of sales	(104)	(99)	-	(203)
Gross profit	**12**	**244**	**68**	**324**
Expenses				
Research and development	-	(50)	-	(50)
General and administrative	(38)	(138)	(105)	(281)
Exploration expenses	-	(23)	-	(23)
Total expenses	(38)	(211)	(101)	(354)
Income (loss) from operations	(26)	33	(33)	(30)
Finance costs	(11)	(43)	(20)	(74)
Stock based compensation	-	-	(20)	(20)
Loss on sale of subsidiary	332	-	-	358
Foreign exchange gain (loss)	2	(5)	-	(3)
Net income (loss)	307	(15)	(79)	231
Other comprehensive income (loss)	-	-	(21)	(21)
Comprehensive income (loss)	$ 307	$ (15)	$ (100)	$ 210

Six months ended June 30, 2018

	Marcon Operations	Fox-Tek Operations	Corporate Operations	Total
Sales	$ 1,928	$ 175	$ -	$ 2,103
Cost of sales	(1,705)	(26)	-	(1,731)
Gross profit	**223**	**149**	**-**	**372**
Expenses				
Research and development	-	(80)	-	(80)
Selling	-	(18)	-	(18)
General and administrative	(173)	(101)	(215)	(489)
Total expenses	(173)	(199)	(215)	(587)
Income (loss) from operations	50	(50)	(215)	(215)
Finance costs	(5)	-	(17)	(22)
Stock based compensation	-	-	(55)	(55)
Foreign exchange gain (loss)	(25)	-	-	(25)
Net income (loss)	20	(50)	(287)	(317)
Other comprehensive income (loss)	12	-	-	12
Comprehensive income (loss)	$ 32	$ (50)	(287)	$ (315)

All of the Company's equipment is located in Canada. The Marcon sales revenue of $1,635 excludes intercompany sales of $1 to Fox-Tek for the six months ended June 30, 2018. The intercompany sales have been eliminated in the interim consolidated statements.

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

Revenue by Geographic Region

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
USA	33	312	188	1,976
Canada	247	58	335	110
Middle East		14	1	17
Others		-	-	-
Total	**280**	**384**	**524**	**2,103**

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 June 30, 2019, $4 (December 31, 2018 - $4) is owing to a law firm in which a director, Jay Vieira, is a former partner.

(b) Included in accounts payable and accrued liabilities as at June 30, 2019 is $2l (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 six months ended June 30, 2019 is $41 (2018 - $41) paid to a company controlled by the CEO for services rendered by the CEO.

(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 statements of loss and comprehensive loss for the six months ended June 30, 2019 is stock-based compensation expense of $12 (2018 - $31) relating to options granted to related parties (Note 12(c)).

(e) During the six months ended June 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 six months ended June 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 six months ended June 30, 2019 (2018 - $4).

(f) Included in accounts payable and accrued liabilities as at June 30, 2019 is $31 (December 31, 2018 - $nil) for legal fees and disbursements owing to a law firm (McMillan) in which an officer of STC, Robbie Grossman, was a former partner.

(g) Included in accounts payable and accrued liabilities as at June 30, 2019 is $43 (December 31, 2018 - $nil) for legal fees and disbursements owing to a law firm (Garfinkle Biderman LLP) of which an officer of STC, Robbie Grossman, was a former partner.

(h) At June 30, 2019, $511 (December 31, 2018 - $511) has been included in accounts payable and accrued liabilities for unpaid remuneration of STC's former Chief Executive Officer and director, Allen Lone. Allen Lone is the CEO of the Company.

(i) At June 30, 2019 $4 (December 31, 2018 - $nil) is included in accounts payable and accrued liabilities to an officer and director of STC.

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

(j) At June 30, 2019 $2 (2018 - $nil) has been included in accounts payable and accrued liabilities for Alan Myers and Associates, an accounting firm in which Alan Myers, the CFO of STC, is a partner, for taxation services provided.

(k) Included in advances are promissory notes outstanding at June 30, 2019 of $346 (December 31, 2018 - $335), from related parties (former directors and a company controlled by a former officer of STC) and secured against the assets of STC and due on demand. The loans bear interest at 10% to 12% per annum and are secured against the assets of STC (Note 12).

(l) Included in office and general expenses for the six months ended June 30, 2019 is $nil (2018 - $nil) for consulting services provided by Binh Quach, a director of STC. As at June 30, 2019, $28 (2018- $nil) has been included in accounts payable.

(m) Included in office and general expenses for the six months ended June 30, 2019 is $10 (2018 - $nil) for accounting services provided by Momen Rahman, CFO of the Company. As at June 30, 2019, $176 (2018- $nil) has been included in accounts payable.

(n) Included in professional expenses and disbursements for the six months ended June 30, 2019 is $15 (2018 - $nil) for legal services and disbursements provided by Jay Vieira, a director of the Company and CEO of STC.

(o) As at June 30, 2019, $15 (2018- $nil) has been included in accounts payable. Included in research and development expenses for the six months ended June 30, 2019 is $18 (2018 - $18) for services provided by Mumin Demiral, a director of the STC.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

During the six months ended June 30, 2018, the Company recognized salaries and short-term benefit expenses of $187 (2018 - $240) 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 ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Salaries and short-term benefits	95	160	187	296
Professional fees	11	76	47	98
Office and general	53	56	82	91
Amortization	21	2	50	4
Bad debt recovery	(85)	-	(85)	-
Total	**95**	**294**	**281**	**489**

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 six months ended June 30, 2019.

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.

	Risks			
	Credit	Liquidity	Foreign exchange	Market Interest rate
Cash and cash equivalents	Yes	Yes	Yes	Yes
Trade and other accounts receivable	Yes	Yes	Yes	
Investment at fair value	Yes	Yes		
Accounts payable and accrued liabilities		Yes	Yes	
Debentures		Yes		Yes
Long term debt		Yes		Yes

a) Credit risk

Trade and other accounts receivable

Trade and other 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 amounts of trade and other accounts receivable are reduced through the use of 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.

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Concentration of credit risk

Four customers represent approximately 98% of sales for the six months ended June 30, 2019 (2018 – four customers represent 91%). The sales for major customers are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Enbridge Canada	245	-	322	-
Enbridge USA	33	-	73	-
US Air Force	-	178	-	220
US Bureau of Reclamation	-	13	46	765
US Navy	-	47	-	878
US Army	-	33	70	44
	278	**271**	**511**	**1,907**

The accounts receivable from two customers represent approximately 77% of trade and accounts receivable as of June 30, 2019 (two customers represented approximately 50% as at December 31, 2018). The trade and accounts receivable balances from major customers are as follows:

		June 30, 2019		December 31, 2018
Enbridge Canada	$	266	$	-
Enbridge USA		9		39
US Navy		-		159
	$	275	$	198

Credit risk arises from cash and cash equivalents held with banks and credit exposure to customers, including 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, taking into account their financial position, past 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 June 30, 2019, the Company had cash of $77 (December 31, 2018 - $44) and does not expect any counterparties to fail to meet their obligations.

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

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:

June 30, 2019	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 1,545	$ 1,545	$ 1,545	$ -
Reclamation and decomissioning obligations	411	411	411	-
Advances	576	576	576	-
Income tax payable	-	-	-	-
Debentures	57	57	57	-
Non-cash liabilities	402	402	402	-
Long term debt	174	174	66	118
Lease obligations	223	223	56	157
	$ 3,388	**$ 3,388**	**$ 3,113**	**$ 275**

December 31, 2018	**Carrying amount**	**Contractual cash flows**	**0 to 12 months**	**After 12 months**
Accounts payable and accrued liabilities	$ 2,095	$ 2,095	$ 2,095	$ -
Reclamation and decommissioning 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**

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 primarily sells goods in Canada and the United States and attempts to limit its exposure by transacting in the local currency, therefore limiting exposure to foreign exchange rates.

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 June 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 June 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 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 $1,917 (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 six months ended June 30, 2019.

21. SUBSEQUENT EVENTS

(a) *Subsequent to June 30, 2019,* the Corporation has entered into a definitive amalgamation agreement (the "**Amalgamation Agreement**") with CannCentral Inc. ("**CannCentral**"), a corporation existing under the laws of the Province of Ontario, which outlines the general terms and conditions pursuant to which IntellaEquity and CannCentral would be willing to complete a transaction that will result in a reverse take-over of the Corporation by the shareholders of CannCentral (the "**Transaction**"). Pursuant to the terms of the Amalgamation Agreement, IntellaEquity, CannCentral and Paragon Blockchain Inc. ("**SubCo**"), a wholly owned subsidiary of the Corporation will complete a business combination by way of a three-cornered amalgamation under the *Business Corporations Act* (Ontario). Under the terms of the Amalgamation Agreement CannCentral will amalgamate with SubCo and will carry on the existing business of CannCentral as a wholly owned operating subsidiary of IntellaEquity. The Amalgamation Agreement was negotiated at arm's length and is effective as of July 26, 2019.

(b) Subsequent to June 30, 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.