IntellaEquity Inc.
(Formerly - Augusta Industries Inc.)

Management's Discussion and Analysis
June 30, 2019

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of IntellaEquity Inc (formerly - Augusta Industries Inc.) as at and for the six months ended June 30, 2019 with comparatives. It should be read in conjunction with the interim condensed consolidated financial statements as at and for the six months ended June 30, 2019. Additional information relating to the Company is available on SEDAR at **www.sedar.com**, or on the CSE website at **www.thecse.com**, and on our website at **www.marconintl.com**. Information contained in or otherwise accessible through our website doesn't form a part of this MD&A and is not incorporated into this MD&A by references.

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

BASIS OF PRESENTATION

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

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.

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

The MD&A was approved for issue by the Board of Directors on August 29, 2019.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements, except for historical information, and reflect the Company's present assumptions regarding future events. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance, and/or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements.

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

OVERVIEW OF BUSINESS

Corporate Overview

IntellaEquity Inc. (formerly Augusta Industries Inc.) ("IntellaEquity") was incorporated on October 13, 1999 under the laws of the State of Delaware with a registered and head-office located at 277 Lakeshore Road East, Suite 304, Oakville, Ontario L6J 6J3, Ontario L5A 3P1. The Company has offices in Mississauga, Ontario and Calgary, Alberta. IntellaEquity is traded on the CSE under the symbol "IEQ",

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

Fox-Tek Canada Inc. ("FOX-TEK"), a wholly-owned subsidiary of IntellaEquity, was sold to Sensor Technologies Corp. ("STC") for a purchase price of $21,500. $9,500 of the purchase price will be satisfied through the issuance of an aggregate of 47,500 post-consolidated common shares (the "Consideration Shares") in the capital of STC at a price of $0.20 per Consideration Share. The balance of the purchase price, being up to $12,000, will be satisfied through a royalty of 15% on all future sales of Fox-Tek's products and a 20% royalty on all future sales of Fox-Tek's services (collectively, the "Royalty"). The Royalty shall be payable until the earlier of (i) the 10 year anniversary of the closing of the acquisition of Fox-Tek, and (ii) the aggregate payment of $12,000. The value of the Royalty has not been included in the purchase price as the amount is uncertain.

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.

The Company sold 51% of shares of Marcon International (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 31,019 and has recognised Marcon (USA) as an investment at cost adjusted for Intella's share of Marcon (USA)'s income since then.

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.

Principal Business

Marcon was involved in the industrial supply of equipment and parts procuring for its clients, including the sale and distribution of Electrical, Mechanical and Instrumentation equipment.

The Company sold 51% of shares of 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 31,019 and has recognised Marcon (USA) as an investment at cost adjusted for Intella's share of Marcon (USA)'s income since then. There has been no further revenue from Marcon since sale of Marcon (USA) Inc.

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

BUSINESS DEVELOPMENT

The Company is constantly working to improve its position in terms of intellectual property and what it offers to its customers. In fiscal 2019 the Company continues to focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly in the oil and gas sectors.

Marcon Segment

Marcon provided procurement and support services to existing and new projects worldwide in the energy sector. The Company sold 51% of shares of Marcon International (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 31,019 and has recognised Marcon (USA) as an investment at cost adjusted for Intella's share of Marcon (USA)'s income since then. There has been no further revenue from Marcon since sale of Marcon (USA).

Sensor Technologies Segment

Sensor Technologies Inc. ("STI") is engaged in the development, design, manufacture and supply of systems using fiber optic sensors, related monitoring instruments, and software. Clients buy and operate systems and Sensor handles the installation and reporting of information on an outsourcing basis. Sensor provides support engineering services related to planning, training, on-site installation, and data interpretation and reporting. Sensor's target market includes the monitoring, communication, alarming and prediction of safe/unsafe conditions in structures and facilities.

STI's main products are patented 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/erosion, strain due to bending/buckling, and process pressure and temperature.

STI's FT fiber optic sensor monitoring systems allow cost-effective, 24/7 remote monitoring capabilities to improve scheduled maintenance operations, avoid unnecessary shutdowns, and prevent accidents and leaks. The FT system uses non-intrusive fiber optic Sensor s to monitor strain due to settling, movement or buckling of a variety of civil structures, such as bending, buckling, elongation or compression of pipelines. Movement of soil or foundation footing can also be monitored. Measurements can be made at multiple locations up to 2,000 meters apart. FT systems are highly sensitive and easy to operate: portable or dedicated FT monitors make continuous or periodic measurements by interrogating multiple permanently mounted sensors. Digital data facilitates semi-automated analysis and prompt reporting. Remote telemetry, long robust lead cables, and maintenance-free sensors enable early warning, or confirmation of effective mitigation solutions such as rebuilding slopes or grades. The non-electrical Sensor s are very robust and inherently immune to electromagnetic interference. FT Sensors can be field-bonded to steel, concrete, composite / FRP structures located underwater, below grade or imbedded during a pour.

STI's Electric Field Mapping ("EFM") System is a continuous, non-intrusive wall thickness monitoring system for pipelines and process piping with a number of breakthrough features:

1. Welded-on or spring-loaded sensor array
2. Rated for direct burial applications
3. Remote telemetry
4. Immediate reporting of alarms
5. Streamlined, objective data processing

STI's Data Management and Analysis Tool ("DMAT") platform is the database management and analysis tool for providing analysis and interpretation of the collected data. Data from all channels of FT Monitors, or EFM Monitors is collected and processed into easily understood tabular or graphical formats. It is anticipated that the DMAT Platform will provide additional value to pipeline operators and other stakeholders by allowing such users to easily manage multiple sensor ("FT") systems. STI has been able to enhance the DMAT Platform user interface to facilitate the consistent presentation of data across multiple sites and improve the tools for location comparison and data reporting. In addition, the DMAT Platform now contains an alarm-on-event capability which the customer can customize according to their specific needs and thresholds.

In the 4th quarter of 2018, STI was awarded six contracts, two of which are for a complete leak detection systems to monitor infrastructure for one of North America's largest pipeline companies and the third contract for phase two (phase one proof-of-concept application was completed in 2017) in the nuclear space using its high precision fiber bragg grating (FBG) acquisition equipment to measure very small changes in strain in injector ports. The value of the six contracts is $194. STI has completed one of the leak detection projects in quarter 1 of 2019 and the other in the second quarter.

STI has also renewed its monitoring and service contract with one of its customer for the fiscal year 2019 worth upwards of $270. STI was also awarded a contract by one of North America's largest pipeline companies to convert 4 of their monitoring system presently running on a platform designed by one of STI's competitors into STI's EFM systems and for data monitoring services. The contract is for a period of 5 years starting January 2019 and is valued at about $117 annually. STI's expects to be awarded a contract for another conversion in 2019 valued at $29 a year for a five year period.

In the meantime, Sensor Technologies Corporation ("STC"), through its wholly owned subsidiary, Primary Petroleum Company USA, Inc., is still actively working with American Geophysical Corporation ("AGC") to market the Company's 3D Seismic. So far, numerous parties have approached AGC regarding Primary Petroleum's seismic database and AGC is reaching out to various parties that are interested in the Company's 3D Seismic. The Company's goal is to license its 3D Seismic leading to future opportunities for potential joint ventures, partnerships or farm-in agreements.

SELECTED FINANCIAL AND OPERATING RESULTS

Statement of Financial Position

As at June 30, 2019, the Company has a working capital deficiency of $2,547 (December 31, 2018 – $2,705). As at June 30, 2019, the Company had total assets of $1,631 (December 31, 2018 – $1,429). Total assets increased by $202 during the six months ended June 30, 2019 due to the implementation of IFRS 16 and recognition of right of use assets for the first time, which amounted to $262.

As at June 30, 2019, the Company had total liabilities of $3,388 as compared to $3,416 as at December 31, 2018. Accounts payable and accrued liabilities have decreased by $550 largely as a result of the disposal of Marcon (USA). As a result of implementation of IFRS, the Company has also recognised $223 as lease obligations. Deferred revenue has gone up by $378 as the Company invoices one of the major clients on an annual basis and defers income for three quarters of the year to future periods.

Shareholders' deficiency decreased to $230 during the six months ended June 30, 2019.

Summary of Consolidated Quarterly Results

The following is a summary of results on a quarterly basis.

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Sales	$ 650	$ 331	$ 1,719	$ 383	$ 460	$ 331	$ 244	$ 280
Interest income	-	-	-	-	-	2	2	1
Cost of sales	(515)	(367)	(1,445)	(286)	(331)	(252)	(144)	(59)
Gross profit (loss)	$ 135	$ (36)	$ 274	$ 97	$ 129	$ 81	$ 102	$ 222
	20.8%	-10.9%	15.9%	25.3%	28.0%	24.5%	41.8%	79.3%
Expenses								
Research and development	(39)	(37)	(40)	(39)	(40)	(38)	(22)	(28)
Selling	(6)	(13)	(7)	(11)	(8)	4	-	-
General and administrative	(206)	(360)	(197)	(294)	(245)	(1,160)	(186)	(95)
Reclamation and decommissioning expenses	-	-	-	-	-	(322)	-	-
Exploration expenses	-	-	-	-	-	(4)	(7)	(16)
Total expenses	(251)	(410)	(244)	(344)	(293)	(1,520)	(215)	(139)
Income (loss) from operations	(116)	(446)	30	(247)	(164)	(1,439)	(113)	83
Finance costs	(4)	(9)	(10)	(12)	(25)	(109)	(37)	(37)
Stock based compensation	(47)	(38)	(31)	(24)	(19)	(16)	(12)	(8)
Cost of public listing	-	-	-	-	-	(510)	-	-
Gain (loss) on sale of subsidiary	-	-	-	-	-	-	(143)	501
Equity pick up	-	-	-	-	-	-	7	(7)
Foreign exchange gain (loss)	7	(3)	(8)	(16)	7	(29)	13	(16)
Net income (loss) before tax	(160)	(496)	(19)	(299)	(201)	(2,103)	(285)	516
Income tax expense	(5)	(2)	-	-	(7)	(22)	-	-
Net income (loss)	(165)	(498)	(19)	(299)	(208)	(2,125)	(285)	516
Other comprehensive income (loss)	(6)	3	1	-	6	13	(18)	(3)
Comprehensive income (loss)	(171)	(495)	(18)	(299)	(202)	(2,112)	(303)	513
Basic and diluted income (loss) per share	$ (0.01)	$ (0.02)	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.08)	$ (0.01)	$ 0.02
Basic and diluted weighted average number of common shares outstanding	25,612	25,614	25,630	25,630	25,630	25,630	25,630	25,630

Results of Operations

	Six months ended June 30, 2019	2018	2017
Sales	524	2,103	1,576
Interest income	3	-	-
Cost of sales	(203)	(1,731)	(1,132)
Gross Profit	**324**	**372**	**444**
Expenses			
Research and development	(50)	(80)	(72)
Selling	-	(18)	(18)
General and administrative	(281)	(489)	(459)
Exploration expenses	(23)	-	-
Total Expenses	(354)	(587)	(549)
Income (loss) from operations	(30)	(215)	(105)
Finance costs	(74)	(22)	(7)
Stock based compensation	(20)	(55)	(164)
Gain on sale of subsidiary	358	-	-
Foreign exchange gain (loss)	(3)	(25)	11
Net income (loss)	**231**	**(317)**	**(265)**
Other comprehensive income (loss)	(21)	12	(7)
Comprehensive income (loss)	**210**	**(305)**	**(272)**
Income (loss) per share:			
Basic	0.01	(0.01)	(0.01)
Diluted	0.01	(0.01)	(0.01)
Weighted average number of shares outstanding			
Basic	25,630	25,630	25,612
Diluted	29,794	25,630	25,612

The interim consolidated statements of income (loss) and comprehensive income (loss) for the six months ended June 30, 2019 included the income (loss) and comprehensive income (loss) of STC while for the six months ended June 30, 2018 STC was not a subsidiary of IntellaEquity and therefore not included. Many of the variances between the two years arise from this.

Sales and cost of sales were $524 and $203, respectively, for the six months ended June 30, 2019 (six months ended June 30, 2018 - $2,103 and $1,731). The principal reason for the reduction in sales is the disposal of Marcon (USA) in January 2019. Former FOX-TEK, now STI, has performed well with revenue of $409 compared to $174 during the same period of 2018 mainly because of the completion of one the leak detection projects during the period.

There are no further sales from Marcon after the disposal of Marcon (USA) in January 2019.

Total operating expenses for the six months ended June 30, 2019 were $354 compared to $587 during the same period in 2018 mainly because Marcon (USA) has been sold.

Research and development costs incurred by STI have gone down due to reduction of manpower in that company. General and administrative expenses has gone down from $489 for the six months ended June 30, 2018 to $281 for the six months ended June 30, 2019 largely as salaries have come down from $2,103 to $409 during this period. The Company implemented IFRS 16 on January 1, 2019 and this has resulted in amortization of right of use assets of $50. Professional fees went down to $47 for the six months ended June 30, 2019 compared to $98 during the same period in 2018 mainly because of inclusion of STC group in this quarter. As noted above, STC was not a subsidiary of Intella in the 1st and 2nd quarters of 2018.

The finance costs for the six months ended June 30, 2019 were $74 compared to $22 during the same period in 2018. Again, this is largely due to interest paid by STC amounting to $44. As noted above, STC was not a subsidiary of Intella in the 1st quarter of 2018.

Gross profit analysis

For the eight quarters, the gross profit margin for the two cash generating units fluctuated within a range of negative 37% to 87%, which was mainly due to the fluctuation of the sales mix between Fox-Tek and Marcon - Fox-Tek has an average of about 72% gross profit margins and Marcon has an average of 7% gross profit margins. See following tables for gross profit margins in the two divisions.

Gross profit for Marcon

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Sales	$564	$239	$1,634	$293	$319	$266	$116	$0
Cost of sales	495	328	1,434	270	288	234	104	0
Gross profit (loss)	**$69**	**($89)**	**$200**	**$23**	**$31**	**$32**	**$12**	**$0**
Gross profit %	**12%**	**-37%**	**12%**	**8%**	**10%**	**12%**	**10%**	**0%**

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

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Sales	$86	$91	$85	$90	$141	$65	$128	$280
Cost of sales	20	38	11	15	43	19	40	59
Gross profit	**$66**	**$53**	**$74**	**$75**	**$98**	**$46**	**$88**	**$221**
Gross profit %	**77%**	**58%**	**87%**	**83%**	**70%**	**71%**	**69%**	**79%**

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

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

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

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

Performance Indicators

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

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

SEGMENTED INFORMATION

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

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

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.

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**

LIQUIDITY AND CASH RESOURCES

Net cash generated from operating activities was $189 during the six months ended June 30, 2019 as compared to $96 during the six months ended June 30, 2018. The Company expensed $20 as stock-based compensation (2018 - $55) and gained $358 on sale of its subsidiaries. Deferred revenue went up by $378 as STC invoices its major customers annual and this give rise to deferred revenue as at June 30, 2019.

Cash used in financing activities was $105 during the six months ended June 30, 2019 (2018 – cash generated of $28) due to debt and lease payments made.

Cash used in investing activities was $30 for the six months ended June 30, 2019 and is comprised mainly of cash given up on sale of the subsidiary Marcon USA of $27 during the period.

SHARE CAPITAL, WARRANTS, AND OPTIONS

(a) Share Capital

The Company is authorized to issue 400,000 common shares (par value of US $0.01 per share) of which 25,630 are issued and outstanding. There are 25,630 shares of voting common shares issued and outstanding as at June 30, 2019 and as of the date of this MD&A (25,630 - December 31, 2018).

(b) Stock options

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 six 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 general and administrative expenses is stock-based compensation of $20 (six months ended June 30, 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 and as at the date of this MD&A:

# 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			

(c) Common Stock Purchase Warrants

As at June 30, 2019 and as at the date of this MD&A, the Company had the following warrants issued and outstanding:

No. of Warrants Issued and Outstanding		Exercise Price	Expiry	Weighted Average Remaining Life in Years
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.

TRANSACTIONS WITH RELATED PARTIES

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 $21 (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.

(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.

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.

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. The implementation of the new policies had no impact to the Company's interim consolidated statements for the six months ended June 30, 2018.

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.

RISKS AND UNCERTAINTIES

High Degree of Product Concentration

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

Competition

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

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

Market Uncertainty

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

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

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

Labour and Key Personnel

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

Growth Management and Market Development

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

Pricing Policies

The competitive market in which IntellaEquity operates could force it to reduce its prices. If its competitors offer large discounts on certain products and services in order to gain market shares or sell products and services, the Company may need to lower its prices and offer other favorable terms in order to compete successfully. Such changes could reduce profit margins and have an unfavorable impact on its operating results. Some of IntellaEquity's competitors could offer products and services that compete with theirs for promotional purposes or as part of a long-term pricing strategy or offer price guarantees or product implementation. With time, these practices could limit the prices IntellaEquity may charge for its products and services. If IntellaEquity 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

IntellaEquity 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 IntellaEquity 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. IntellaEquity 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. IntellaEquity 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, IntellaEquity 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 IntellaEquity offers is vigorous and could increase. Some of IntellaEquity's competitors have significantly greater financial, technical, distribution, and marketing resources than IntellaEquity. Technological progress and product development could make IntellaEquity 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.

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 June 30, 2019, the Company held cash and bank balances of $77 (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 $2,547 (December 31, 2018 - $2,705).

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 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 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.

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**.**

Investor Relations

During the six months ended June 30, 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 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.