



# **DelphX Corporation**

## **Unaudited Interim Consolidated Financial Statements** (expressed in Canadian dollars)

**As at and for the 3 months ended  
March 31, 2018 and 2017**

### **NOTICE TO READER**

**The accompanying unaudited interim consolidated financial statements of DelphX Corporation (the "Company") have been prepared by and are the responsibility of management. These unaudited interim consolidated financial statements as at and for the three months ended March 31, 2018 and 2017 have not been reviewed by the Company's auditors.**



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of DelphX Corporation, are the responsibility of the management and the Board of Directors (the "Board") of the Company and have been prepared in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim unaudited consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

The Board is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

## MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting.

As the Company is a Venture Issuer (as defined under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

*"Larry E. Fondren"*

Larry E. Fondren  
President and Chief Executive Officer

May 30, 2018

*"Stephen M. Gledhill"*

Stephen M. Gledhill  
Chief Financial Officer

May 30, 2018

**DelphX Corporation**  
**Unaudited Interim Consolidated Statements of Financial Position**  
*(expressed in Canadian dollars)*

<i>As at</i>	<b>March 31, 2018</b>	December 31, 2017
<b>Assets</b>	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash	<b>41,028</b>	433,781
Prepaid expenses <i>(note 7)</i>	<b>35,495</b>	13,061
Funds held in escrow <i>(note 8)</i>	<b>3,780,899</b>	3,771,473
<b>Total current assets</b>	<b>3,857,422</b>	4,218,315
<b>Non-current assets</b>		
Equipment <i>(note 9)</i>	1,060	1,274
Intangible asset <i>(note 10)</i>	124,573	126,897
<b>Total non-current assets</b>	125,633	128,171
<b>Total assets</b>	<b>3,983,055</b>	4,345,486
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(note 11)</i>	<b>36,970</b>	42,646
Due to related parties <i>(note 12)</i>	<b>32,020</b>	-
Subscriptions receipts <i>(note 8)</i>	<b>3,770,296</b>	3,770,296
<b>Total current liabilities</b>	<b>3,839,286</b>	3,812,942
<b>Total liabilities</b>	<b>3,839,286</b>	3,812,942
<b>Shareholders' equity</b>		
Share capital <i>(note 13)</i>	<b>9,475,468</b>	9,014,437
Warrants <i>(note 13)</i>	<b>44,308</b>	44,308
Deficit	<b>(9,551,236)</b>	(8,687,731)
Currency translation reserve	<b>175,229</b>	162,530
<b>Total shareholders' equity</b>	<b>143,769</b>	533,544
<b>Total liabilities and shareholders' equity</b>	<b>3,983,055</b>	4,346,486

*Going concern (note 1)*  
*Significant contracts and commitments (note 16)*  
*Subsequent events (note 17)*

*Approved for issuance by the Board on May 30, 2018*

"Larry E. Fondren", Director

"Roby Pierce", Director

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

## DelphX Corporation

### Unaudited Interim Consolidated Statements of Loss and Comprehensive Loss

*(expressed in Canadian dollars-except weighted average number of common shares outstanding)*

	3 months ended	
	March 31, 2018	March 31, 2017
	\$	\$
<b>Expenses</b>		
Administration <i>(note 14)</i>	358,825	29,384
Amortization of intangible asset <i>(note 10)</i>	2,324	2,432
Depreciation <i>(note 9)</i>	214	224
Foreign exchange losses	13,143	-
Legal and regulatory <i>(note 14)</i>	215,591	-
Marketing and sales <i>(note 14)</i>	53,475	-
Research and development <i>(note 14)</i>	158,888	-
Share-based compensation <i>(note 13)</i>	61,045	-
<b>Total expenses</b>	<b>863,505</b>	32,040
<b>Loss</b>	<b>(863,505)</b>	(32,040)
<b>Other comprehensive loss</b>		
Currency translation differences	12,669	7,841
	<b>12,669</b>	7,841
<b>Loss and comprehensive loss for the period</b>	<b>(850,806)</b>	(24,199)
<b>Basic and fully-diluted loss and comprehensive loss per share</b>	<b>(0.01)</b>	(0.00)
<b>Weighted average number of common shares outstanding</b>	<b>60,696,201</b>	49,776,086

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

**DelphX Corporation**

**Unaudited Interim Consolidated Statements of Changes in Equity**

*(expressed in Canadian dollars)*

	Capital stock		Warrants	Currency translation reserve	Deficit	Total
	Number of shares	Amount				
		\$	\$	\$	\$	\$
Balance at December 31, 2016	43,924,806	4,246,755	-	(31,126)	(6,599,723)	(2,384,094)
Loss and comprehensive loss for the period	-	-	-	7,841	(32,040)	(24,199)
Balance at March 31, 2017	43,924,806	4,246,755	-	(31,126)	(6,631,763)	(2,408,293)
Shares issued for cash <i>(note 13)</i>	2,857,571	1,000,134	-	-	-	1,000,134
Shares and warrants issued for debt <i>(note 13)</i>	7,850,940	2,428,177	44,308	-	-	2,472,485
Share-based compensation	5,138,503	1,339,371	-	-	-	1,339,371
Loss and comprehensive loss for the period	-	-	-	185,815	(2,055,968)	(1,870,153)
Balance at December 31, 2017	59,771,820	9,014,437	44,308	162,530	(8,687,731)	533,544
<b>Shares issued for cash <i>(note 13)</i></b>	<b>1,142,857</b>	<b>399,986</b>	-	-	-	<b>399,986</b>
<b>Share-based compensation</b>	<b>620,000</b>	<b>61,045</b>	-	-	-	<b>256,914</b>
<b>Loss and comprehensive loss for the period</b>	-	-	-	<b>12,699</b>	<b>(863,505)</b>	<b>(850,806)</b>
<b>Balance at March 31, 2018</b>	<b>61,534,677</b>	<b>9,475,468</b>	<b>44,308</b>	<b>175,229</b>	<b>(9,551,236)</b>	<b>143,769</b>

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

## DelphX Corporation

### Unaudited Interim Consolidated Statements of Cash Flow

*(expressed in Canadian dollars)*

	3 months ended	
	March 31, 2017	March 31, 2016
	\$	\$
<b>Operating activities</b>		
Net loss	(863,505)	(32,040)
Non-cash items:		
Amortization and depreciation	2,538	2,656
Share-based compensation	61,045	-
Net change in non-cash working capital:		
Prepaid expenses	(22,431)	-
Accounts payable and accrued liabilities	(5,676)	(3,891)
Funds held in escrow	(9,426)	-
<b>Cash used for operating activities</b>	<b>(837,455)</b>	<b>(33,275)</b>
<b>Financing activities</b>		
Advances from related parties <i>(note 12)</i>	32,020	-
Issuance of common shares	399,986	-
Currency translation effects	12,696	31,935
<b>Cash provided from (used for) financing activities</b>	<b>444,702</b>	<b>31,935</b>
<b>Increase (decrease) in cash for the period</b>	<b>(392,753)</b>	<b>(1,340)</b>
Cash at the beginning of the year	433,781	2,630
<b>Cash at end of the period</b>	<b>41,028</b>	<b>1,290</b>

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

# DelphX Corporation

## Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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### 1. General information and going concern

DelphX Corporation (“**DelphX**” or the “**Company**”) was incorporated on February 18, 2016, under the laws of the State of Delaware, United States of America (“**US**”). The principal address of the Company is 5 Great Valley Parkway, Malvern, PA, 19355, USA. DelphX’s principal business activity is to develop and operate a global facility for transparent offering, purchase, sale, collection and storage of certain fixed income securities and derivatives, and to manage date, research, analytics and valuations of such instruments. The Company is still in its research and developments phase and has not yet started operations.

Prior to April 11, 2016, the Company operated DelphX LLC, at which date all of the unitholders of DelphX LLC exchanged their units for common shares of DelphX. DelphX LLC was subsequently wound up into the Company.

These unaudited interim consolidated financial statements (the “Consolidated Financial Statements”) have been prepared using International Financial Reporting Standards (“**IFRS**”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. As the Company is in the development stage and has not yet realized profitable operations, it has relied on non-operational sources of financing to fund operations. DelphX’s ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds. The Company will continue to seek additional forms of debt and/or equity financing, but it cannot provide assurance that it will be successful in doing so. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness, ultimately, of the use of accounting principles applicable to a going concern. The Consolidated Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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### 2. Basis of preparation

#### 2.1 Statement of compliance

These unaudited interim consolidated financial statements, including comparatives, have been prepared in accordance with *International Accounting Standards (“IAS”) 34* ‘Interim Financial Reporting’ using accounting policies consistent with the IFRS issued by the International Accounting Standards Board (“**IASB**”) and Interpretations of the International Financial Reporting Interpretations Committee (“**IFRIC**”).

The Consolidated Financial Statements were approved and authorized for issuance by the Board on May 30, 2018.

#### 2.2 Basis of presentation and measurement

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments that are measured on amortized cost of fair value. The Company’s functional currency is the US dollar, which is the currency of the primary economic environment in which it operates. For financial reporting purposes the Company has selected the Canadian dollar as its presentation currency. The assets

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# DelphX Corporation

## Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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and liabilities in the Consolidated Financial Statements are translated into Canadian dollars for reporting purposes using exchange rate of the reporting date. The revenues and expenses are translated using the average exchange rates over the period of reporting, approximating the rates of exchange on the transaction dates. The equity translation is kept at historical rates. Foreign exchange differences arising on the translation from the functional currency to the presentation currency are recognized separately in other comprehensive income and are carried to the currency translation reserve account.

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Certain comparative amounts have been changed to reflect current reporting categories.

### 2.3 Basis of consolidation

The Consolidated Financial Statements consolidate the accounts of the Company and all its subsidiaries. The Company acquired 100% of the issued and outstanding shares of DelphX Services Corporation ("DSC") on November 27, 2017. DSC is an SEC-registered securities broker-dealer that was previously owned by the Company's President and CEO and has an objective to manage the DelphX Alternative Trading System ("ATS"). The Company's other wholly-owned subsidiary is DelphX Data Corporation (federally incorporated on February 21, 2018, pursuant to the laws of Canada). The Consolidated Financial Statements include the financial position, results of operations and cash flows of its subsidiaries subsequent acquisition or formation.

A subsidiary is an entity over which the Company has control, whereby control is defined as the power to direct activities of an entity that significantly affect the entity's returns so as to obtain benefit from its activities. Control is presumed to exist where the Company has ownership of more than one-half of the voting rights in its subsidiaries. The effect of potential voting rights that are currently exercisable are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date control is acquired or transferred to the Company and de-consolidated from the date at which the control ceases.

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### 3. Adoption of new and revised standards and interpretations

At the date of the Consolidated Financial Statements, the IASB and IFRIC have issued the following revised standards, some of which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a

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## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted. The Company has not yet adapted this standard and is currently assessing the impact on its Consolidated Financial Statements.

IFRS 15 - Revenue from Contracts With Customers (“IFRS 15”) proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018, and the Company has adopted this standard.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted. The Company has not yet adapted this standard and is currently assessing the impact on its Consolidated Financial Statements.

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**DelphX Corporation**

**Notes to Unaudited Interim Consolidated Financial Statements**  
*(expressed in Canadian dollars)*

**As at and for the 3 Months Ended March 31, 2018 and 2017**

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# DelphX Corporation

## Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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### 4. Capital management

The Company's main objective in managing capital is to ensure sufficient liquidity to pursue and fund product development, production and promotion. Secondly, the Company strives to continue to fund research and development and pursue its growth strategy, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is considered to be its shareholders' equity. The Company's primary uses of capital are financing operations, including the completion and roll-out of its ATS, increasing non-cash working capital and capital expenditures. The Company currently funds these requirements from existing cash resources and/or cash raised through the issuance of common shares. The Company's objectives when managing capital is to ensure the Company will continue to have enough liquidity so that it can provide its products and services to its customers and returns to its shareholders. The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize the capacity to finance the Company's ongoing growth, the Company does not currently pay a dividend to holders of its 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.

There were no changes in the Company's approach to capital management during the 3 months ended March 31, 2018, or the comparable period. The Company is not subject to externally imposed capital restrictions.

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### 5. Financial instruments and risk management

#### 5.1 Financial instruments (International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement')

Financial assets within the scope of IAS 39 are classified on initial recognition as either fair-value-through-profit-and-loss ("FVTPL"), loans and receivables, held-to-maturity or available-for-sale financial assets. Financial liabilities within the scope of IAS 39 are classified on initial recognition as FVTPL or other financial liabilities.

#### Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement-of-financial-position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Cash is classified as FVTPL and funds held in escrow are classified and loans and receivables, held at amortized cost. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities and are measured at amortized cost.

As at March 31, 2018 and December 31, 2017, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

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# DelphX Corporation

## Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

Fair value measurements are classified using a fair-value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The Company's cash is classified at Level 1 with all other financial instruments, classified at Level 2.

### 5.2 Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

#### a. Currency risk

The Company's functional currency and the primary source of its operations to-date, have been conducted in US dollars. DelphX also conducts business in Canadian dollars. Financial assets and liabilities denominated in foreign currencies will be affected by changes in the exchange rate between the functional currency and these foreign currencies. The assets and liabilities primarily affected are cash and accounts payable and accrued liabilities that are denominated in foreign currencies. The Company has recognized currency exchange losses during the 3 months ended March 31, 2018 of \$13,143 (2017 – nil).

Management believes that at this stage of its development, foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

#### b. Fair value

The carrying amounts of cash, funds held in escrow, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values given their short-term nature.

## 6. Sensitivity analysis

The Company's funds are kept in Canadian and US dollars at a major Canadian and US financial institutions.

As at March 31, 2018, the Company's exposure to foreign currency balances is as follows:

Account	Foreign currency	Exposure (\$Cdn)	
		March 31, 2018	December 31, 2017
Cash	US dollar	37,517	262,736
Accounts payable and accrued liabilities	US dollar	(25,878)	(42,646)
Due to related parties	US dollar	(26,862)	-
		(15,244)	220,089

## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

The Company believes that a change of 10% in foreign exchange rates would increase/decrease net income for the period by approximately \$2,000 (2017 – \$22,000).

#### 7. Prepaid expenses

Prepaid expenses represent costs expended by the Company for which it has not yet received value. As at March 31, 2018 and December 31, 2017, the prepaid expenses of the Company are detailed as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Office rent	35,495	13,061

#### 8. Funds held in escrow and subscription receipts

On December 12, 2017, DelphX entered into a binding share exchange agreement (the “**Agreement**”) with Seaside Exploration Partners Inc. (“Seaside”), a capital pool company. Pursuant to the Agreement, DelphX will be acquired by Seaside in a reverse takeover transaction (the “**RTO**”). Upon completion of the RTO, Seaside’s name will be changed to DelphX Capital Markets Inc.

To secure the funding required to consummate the RTO and secure approval by the TSX Venture Exchange, the Company completed a private placement of 11,453,000 subscription receipts, at a price of \$0.35 per receipt, for aggregate gross proceeds to the Company of \$4,008,550. The financing consisted of 11,410,000 brokered subscription receipts and 43,000 non-brokered subscription receipts. Commissions expense of \$139,773 and \$98,481 have been offset against the gross proceeds and the net amount of \$3,770,296 has been recognized as subscription receipts liability in these Consolidated Financial Statements.

The net cash proceeds of \$3,770,296 plus interest thereon of \$10,603 is held by an escrow agent under the subscription receipts agreements, in a restricted account and is recorded as an asset in these Consolidated Financial Statements.

#### 9. Equipment

	2018			2017
	Cost	Accumulated depreciation	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	2,655	(1,595)	1,060	1,274

## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

*(expressed in Canadian dollars)*

**As at and for the 3 Months Ended March 31, 2018 and 2017**

#### **10. Intangible asset**

	<b>2018</b>	<b>2017</b>
	\$	\$
Patents - cost	<b>157,058</b>	157,058
Accumulated amortization		
Balance at beginning of year	<b>(30,161)</b>	(20,622)
Amortization for period/year	<b>(2,324)</b>	(9,539)
	<b>(32,485)</b>	(30,161)
Net book value	<b>124,573</b>	126,897

#### **11. Accounts payable and accrued liabilities**

Accounts payable of the Company are principally comprised of amounts outstanding for trade purchases and financing activities. The usual credit period taken for trade purchases is between 30 and 60 days.

The following is an analysis of the Company's accounts payable and its accrued liabilities:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
	\$	\$
Administration	<b>32,137</b>	16,000
Legal and regulatory	<b>1,595</b>	8,793
Marketing and sales	<b>1,595</b>	8,793
Research and development	<b>1,643</b>	9,060
<b>Total accounts payable and accrued liabilities</b>	<b>36,970</b>	42,646

#### **12. Related-party transactions and key management compensation**

The Consolidated Financial Statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them. These transactions are measured and recorded at their exchange amounts, being the amounts agreed to by the related parties.

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, named executive officers, being the chief executive officer and the chief financial officer and each of the Company's 3 remaining C-suite officers. Related-party compensation paid or payable to key management is detailed below:

# DelphX Corporation

## Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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3 months ended	March 31, 2018	March 31, 2017
	\$	\$
Compensation to key management	435,721	-
Share-based payments	61,045	-

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As at March 31, 2018, \$32,020 (December 31, 2017 - \$nil) is owed to officers or directors of the Company or entities controlled by them.

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### 13. Capital stock

#### Authorized

DelphX's authorized share capital consists of 80,000,000 common shares.

#### Issued and outstanding

##### 2018:

- (i) In January 2018, the Company issued 620,000 common shares at a grant-price of US\$0.00001 each, under a restricted stock-grant agreement to the Company's CFO. The Company holds a buy-back option of these shares from the holder at the same price as issuance. The buy-back option right will be released over the period of 4 years on a 25% basis at each anniversary date. The common shares have a grant-date fair value of \$190,456, subject to the repurchase option. The vested value of \$16,509 has been recorded to share capital during the first quarter of 2018. The fair value was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free rate of 2.07%, term of 4 years and a volatility of 113.5%.
- (ii) In January 2018, 1,142,857 common shares were issued at \$0.35 each, raising proceeds of \$399,986 for the Company.

##### 2017:

- (iii) On November 28, 2017, the Company issued 200,000 units (each a "Unit") to a service provider in settlement of debt with a fair value of \$70,000. Each Unit consisted of 1 common share and 1 warrant (each a "Warrant"). Each Warrant has an exercise price of \$0.35 and expires on November 28, 2019. The fair value of the issued warrants of \$144,308, was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate of 1.31%, term of 2 years and a volatility of a comparable listed entity.
  - (iv) On November 22, 2017, the Company completed a private placement of 2,857,571 common shares at a price of \$0.35 per share, generating gross proceeds of \$1,000,134.
  - (v) On October 6, 2017, the Company completed a 31-for-1 split of its common shares.
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## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

- (vi) On September 25, 2017, the Company issued 4,711,287 common shares to convert shareholders' outstanding loan and interest thereon with a fair value of \$1,480,895.
- (vii) Also, on September 25, 2017, the Company issued 7,378,155 common shares with a fair value of \$2,201,884 to its employees and to certain service providers against their compensation rights for the period from February 18, 2016 to October 31, 2017, at a grant price of US\$0.00001 per share with certain restriction regarding sale or transfer. Out of this, 400,000 common shares were issued to 2 employees and are subject to a buy-back option at the same grant price, which will be released over a period of 4 years.
- (viii) On September 27, 2017, under a restricted stock grant agreement, the Company issued 700,000 common shares to one of its key executives as a signing bonus at a grant price of US\$0.00001 per share. The Company holds a buyback option of these shares from the holder at the same price as granted. The buy-back option right will be released over the period of 4 years on a 25% basis on each anniversary date. The common shares have a grant-date fair value of \$217,214, subject to the repurchase option. The 2017 vested value of \$14,770 has been recorded to share capital during the last quarter of 2017. The fair value was calculated using the Black-Scholes option pricing model with the following assumptions: Risk-free rate of 1.31%, term of 4 years and a volatility of 126.28%.

#### Warrants

The outstanding issued warrants balance as at March 31, 2018 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price \$	Fair value \$
November 28, 2019	Warrants	200,000	0.35	44,308

#### Share-based payments

The fair value of the common shares (notes 12 (i) and 12 (viii)) vested for the period ended March 31, 2018 was \$61,045 (2017 – \$nil), which amount has been expensed in the consolidated statements of loss and comprehensive loss and off-set to share capital.

#### 14. Compensation

The expense categories listed below, each contain the disclosed amount of compensation opposite the category:

3 months ended	March 31, 2018	March 31, 2017
	\$	\$
<b>Expense category</b>		
Administration	88,882	-
Legal and regulatory	109,819	-

## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

*(expressed in Canadian dollars)*

**As at and for the 3 Months Ended March 31, 2018 and 2017**

Marketing and sales	<b>47,231</b>	-
Research and development	<b>142,568</b>	-
	<b>388,501</b>	-

#### 15. Segmented information

##### **Operating segments**

As at March 31, 2018, the Company has a single operating segment being its principal business activity to develop and operate a global facility for transparent offering, purchase, sale, collection and storage of certain fixed income securities and derivatives, and to manage date, research, analytics and valuations of such instruments. As the operations comprise a single reporting segment, the amounts disclosed in these Consolidated Financial Statements also represent the single reporting segment.

##### **Geographic segments**

The Company operates in both Canada and the United States.

<b>As at</b>	<b>March 31, 2018</b>	December 31, 2017
	<b>\$</b>	<b>\$</b>
<b>Identifiable assets:</b>		
Canada	<b>3,806,510</b>	3,942,519
United States	<b>176,545</b>	403,967
	<b>3,983,055</b>	4,345,486
<b>3 months ended</b>	<b>March 31, 2018</b>	March 31, 2017
<b>Cash used for operations:</b>		
Canada	<b>(446,381)</b>	-
United States	<b>(417,124)</b>	(32,040)
	<b>(863,505)</b>	(32,040)

#### 16. Significant contracts and commitments

The Company currently leases office space in Canada in Waterloo, Ontario; and in the US in Malvern, PA and Jersey City, NJ. It has also entered into a 5-year lease for new premises in Kitchener, Ontario, commencing on June 1, 2018, which will replace its premises in Waterloo.

## DelphX Corporation

### Notes to Unaudited Interim Consolidated Financial Statements

(expressed in Canadian dollars)

As at and for the 3 Months Ended March 31, 2018 and 2017

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The following table discloses the Company's commitments over the next 5 years:

Year	Amount
2018 (remainder)	334,100
2019	119,800
2020	118,800
2021	118,800
2022	118,800
<b>Total</b>	<b>810,300</b>

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#### 17. Subsequent events

- (i) On April 4, 2018, DelphX issued 852,174 common shares, raising proceeds of \$298,449.
- (ii) On April 11, 2018, the Company incorporated a tax-exempt, wholly-owned subsidiary, Quantem Capital Corporation Ltd., pursuant to the laws of Bermuda.
- (iii) On April 25, 2018, the Company completed the RTO and the funds held in escrow were released, net of the costs of issuance. Net proceeds to the Company amounted to \$3,638,295.