

DELPHX CAPITAL MARKET INC.



ANNUAL INFORMATION FORM

APRIL 30, 2019

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FORWARD-LOOKING STATEMENTS

The information provided in this annual information form (“AIF”), including information incorporated by reference, may contain “forward-looking statements” or “forward-looking information” (collectively referred to hereafter as “**forward-looking statements**”) about the DelphX Capital Markets Inc. (“**DelphX**” or the “**Corporation**”). In addition, the Corporation, may make or approve certain statements in future filings with securities regulatory authorities, in press releases, or in oral or written presentations by representatives of DelphX that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that DelphX expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of DelphX and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. See “*Risk Factors*”.

In particular, this AIF contains forward-looking statements pertaining to the following:

- estimates of the Corporation’s future revenues and profits;
- treatment under government regulatory and taxation regimes in both Canada and the United States;
- projections of market prices and costs and the future market for DelphX’s products and services, including the DelphX ATS Platform (as defined below) and conditions affecting same;
- ability to obtain and protect the Corporation’s intellectual property and proprietary rights;
- expectations regarding DelphX’s ability to raise capital;
- DelphX’s strategies, objectives and plans to pursue the commercialization of the DelphX ATS Platform;
- market position and future financial or operating performance of DelphX;
- liquidity of the common shares of DelphX; and
- anticipated developments in operations of DelphX.

With respect to forward-looking statements listed above and contained in this AIF, management of DelphX has made assumptions regarding, among other things:

- the legislative and regulatory environment in both Canada and the US;
- the timing and receipt of governmental approvals;
- foreign currency and exchange rates;
- predictable changes to market prices for DelphX’s product and services, including the DelphX ATS Platform, and other predicted trends regarding factors underlying the market for the DelphX’s products and services;
- ability to attract and maintain customer relationships;
- ability to attract and retain skilled management and staff;
- progress and success of DelphX’s product marketing;

- that tax regimes will remain largely unaltered;
- the Corporation's ability to obtain additional financing on satisfactory terms; and
- the global economic environment.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- the possibility that future research and development results will not be consistent with the Corporation's expectations;
- liabilities inherent in technology operations;
- fluctuations in currency and interest rates;
- critical illness or death of the key management and consultants of DelphX;
- competition for, among other things, customers, supply, capital, capital acquisitions of technology and skilled personnel;
- risks relating to global financial and economic conditions;
- alteration of tax regimes and treatments;
- limited operating history;
- changes in legislation affecting operations;
- failure to realize the benefits of any future acquisitions;
- incorrect assessments of the value of acquisitions; and
- other factors discussed under *Risk Factors*.

Consequently, all forward-looking statements made in this AIF and other documents of the Corporation are qualified, in their entirety, by these cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on by the Corporation. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that DelphX and/or persons acting on its behalf, may issue. For all these reasons, investors should not place undue reliance on forward-looking statements.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used frequently throughout this AIF. Terms and abbreviations used in the financial statements of DelphX are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this AIF and in such cases will have the meanings ascribed thereto.

“\$”	means Canadian dollars.
“AIF”	means this annual information form.
“ATS”	means an alternative trading system as defined in the U.S. Exchange Act.
“Board” or “Board of Directors”	means the board of directors of DelphX.
“CEO”	means each individual who served as Chief Executive Officer of DelphX or acted in a similar capacity during the most recently completed financial year.
“company”	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
“Control Person”	means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
“CRN”	means covered reference notes as more particularly described in this AIF.
“CPO”	means covered put options as more particularly described in this AIF.
DelphX	means DelphX Capital Markets Inc., a corporation continued under the <i>Business Corporations Act</i> (Ontario) and a tier 2 technology issuer listed on the Exchange under the trading symbol “DELX”.
“DelphX ATS Platform”	means DelphX’s proprietary ATS platform, Bond Market 2.0, for negotiation, purchase and trading of a new form of linked smart contract securities that is anticipated to provide guaranteed risk protection, higher yields and the ability to convert outstanding corporate, municipal, sovereign and other bonds and fixed income securities to credit investments.
“DelphX Corporation”	means a wholly-owned subsidiary of the Corporation incorporated pursuant to the laws of the State of Delaware, USA.

“DelphX Services Corporation”	means a wholly-owned subsidiary of DelphX Corporation incorporated pursuant to the laws of the State of Delaware, USA.
“Exchange”	means the TSX Venture Exchange Inc.
“executive officer”	means (i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of a company, including DelphX.
“FINRA”	means the Financial Industry Regulatory Authority.
“IFRS”	means International Financial Reporting Standards.
“Insider”	if used in relation to a company, means: <ul style="list-style-type: none"> (a) a director or senior officer of a company; (b) a director or senior officer of a company that is an Insider or subsidiary of a company; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or (d) a company itself if it holds any of its own securities.
“MD&A”	means management’s discussion and analysis, as such term is defined in National Instrument 51-102 – <i>Continuous Disclosure Obligations</i> .
“Named Executive Officer or NEO”	means one of the (i) the Chief Executive Officer, (ii) the Chief Financial Officer, (iii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Corporation, nor in a similar capacity, as at the end of the most recently completed financial year end.
“OBCA”	means the <i>Business Corporations Act</i> (Ontario), as amended from time to time, including the regulations promulgated thereunder.
“person”	includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.
“Quantem Capital Corporation”	means a wholly-owned subsidiary of the Corporation incorporated pursuant to the laws of Bermuda.

“SEC”	means the United States Securities and Exchange Commission.
“SEDAR”	means the System for Electronic Document Analysis and Retrieval being the official website that provides access to most public securities documents and information filed by issuers and investment funds with the Canadian Securities Administrators (CSA) in the SEDAR filing system at the website address of www.sedar.com .
“Shareholders”	means the holders of Shares.
“Shares”	means common shares in the capital of DelphX.
“Transfer Agent”	means the Corporation’s transfer agent and registrar, Computershare Investor Services Inc.
“U.S. Exchange Act”	means the <i>United States Securities Exchange Act of 1934</i> , as amended, including the rules and regulations promulgated thereunder.
“U.S. Securities Act”	means the <i>United States Securities Act of 1933</i> , as amended, including the rules and regulations promulgated thereunder.

DELPHX CAPITAL MARKETS INC.

The Corporation

DelphX Capital Markets Inc. was incorporated as Seaside Exploration Partners Corp. (“**Seaside**”) on October 21, 2016, pursuant to the *Business Corporations Act* (British Columbia), and was a Capital Pool Company, pursuant to the policies of the Exchange. On April 25, 2018, DelphX Corporation and Seaside completed a share exchange transaction pursuant to a definitive share-exchange agreement dated December 12, 2017. The transaction constituted the Qualifying Transaction, as such is defined pursuant to Exchange Policy 2.4, of Seaside, and constituted a reverse take-over of Seaside (the “**Qualifying Transaction**”).

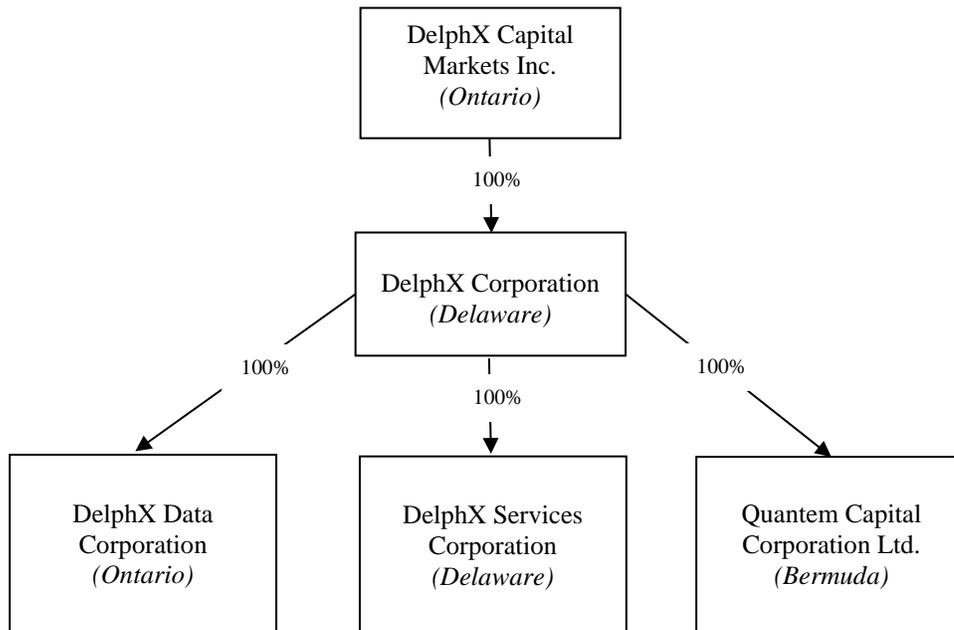
On September 26, 2018, the Shareholders of the Corporation approved a special resolution authorizing the Board to apply for continuance (“**Continuance**”) out of the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia) into the Province of Ontario under the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”). The Continuance was effective December 24, 2018.

The principal address of the Corporation is 137 Glasgow St., Unit 445, Kitchener, Ontario, N2G 4X8. 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 data, research, analytics and valuations of such instruments.

The Corporation is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the common shares of the Corporation (the “**Shares**”) are listed for trading on the TSX Venture Exchange (the “**Exchange**”), under the trading symbol “DELX”.

Structure of the Corporation

The structure of the Corporation and its principal subsidiaries and other affiliates is set out below.



Notes:

1. DelphX Services Corporation, which will operate the DelphX ATS, is subject to regulation and examination by the SEC and the Financial Industry Regulatory Authority ("FINRA") with which it is registered. DelphX Services Corporation is also subject to rules and regulations relating to the prevention and detection of money laundering, privacy and data protection laws and regulations, and substantial other regulatory requirements. Any failure to comply with all applicable regulations, and any regulatory proceeding or civil or criminal action against DelphX Services Corporation could have a material adverse effect on the Corporation's financial results and business.
2. Quantem Capital Corporation will provide a non-derivative alternative to Collateral Default Swap contracts. Transparently administered within an open distributed ledger, the two Quantem™ securities – Covered Put Options™ (CPO) and Covered Reference Notes™ (CRN) - will broadly diffuse risk among many holders through dynamic market-based pooling technology.

GENERAL DEVELOPMENT OF THE CORPORATION'S BUSINESS

The following describes the significant developments in the operations and affairs of the Corporation which have occurred over the last three completed financial years.

The Corporation, and its predecessor DelphX LLC, spent five years developing MAV≡n Indicative Pricing and components of the DelphX ATS Platform.

MAV≡n is a neutral benchmark pricing facility and proprietary data offering derived from more than 150 million historical and current market transactions to continuously calculate and validate in realtime the "MAV≡n" (Market-Adjusted Value per congruent nexus) forecast of the price at which each security in the universe of bonds it tracks would trade at each instant throughout the current trading day.

The initial iteration of the DelphX ATS was designed to change the way fixed-income securities trade, by enabling subscribers to anonymously enter, adjust and execute orders and to negotiate and settle trades in both primary and secondary markets at the assured best price. All subscribers can opportunistically make markets in any security they hold and dynamically manage risk, opportunities and costs more effectively than ever before.

All subscribers qualified to trade can equally:

- Negotiate and trade with both buy-side and sell-side firms with continuous anonymity and without adverse market impact.
- Access all current fair-value, pre-trade and post-trade pricing on the DelphX ATS to execute every transaction at the assured best price, whether on the DelphX ATS or the OTC market.
- Make markets and anonymously tap into sources of deep liquidity.

Significant Acquisitions and Dispositions

On April 11, 2016, DelphX acquired all of the outstanding membership interests in DelphX LLC from the owners of the interests in exchange for common shares of DelphX Corporation. DelphX LLC was then wound up and its assets and liabilities transferred to DelphX Corporation.

On November 27, 2017, DelphX acquired all of the outstanding shares of DelphX Services Corporation from Larry Fondren.

On April 25, 2018, DelphX Corporation and Seaside completed a share exchange transaction pursuant to a definitive share-exchange agreement dated December 12, 2017. The transaction constituted the Qualifying Transaction, as such is defined pursuant to Exchange Policy 2.4, of Seaside, and constituted a reverse take-over of Seaside.

THE BUSINESS OF DELPHX

Principal Products or Services

DelphX will be launching the DelphX ATS Platform, Bond Market 2.0, an SEC regulated ATS employing blockchain technology to enable anonymous negotiation, purchase and trading of new forms of digital smart contract securities that is anticipated to provide guaranteed risk protection, higher yields and the ability to convert outstanding corporate, municipal, sovereign and other bonds and fixed income securities to credit investments. DelphX will operate the DelphX ATS through its wholly-owned subsidiary, DelphX Services Corporation, a broker-dealer registered with the SEC and a member firm of FINRA.

The DelphX ATS addresses issues in the current bond market of default risk being too concentrated, non-transparency and too few issues being protected by providing guaranteed alternative credit protection, deeper market liquidity and enhanced investor yields. The DelphX ATS Platform will enable the anonymous negotiation, origination and trading of new forms of digital smart contract securities to be issued by Quantem Capital Corporation Ltd. ("Quantem"), a wholly-owned subsidiary of DelphX, that will provide a non-derivative alternative to Collateral Default Swap contracts. Transparently administered within an open Distributed Ledger, the two Quantem™ securities – Covered Put Options™ (CPO) and Covered Reference Notes™ (CRN) - will broadly diffuse risk among many holders through dynamic market-based pooling technology.

Upon the occurrence of a default or other qualifying credit event involving the third-party bond underlying a CPO, the CPO holder can immediately exercise its contractual right (but not obligation) to put (sell) the underlying security to Quantem at its full par value (CPO Strike Price).

Through the DelphX ATS Platform and smart Quantem securities negotiated and traded therein:

Protection Buyers can –

- Receive guaranteed par-value sale proceeds upon the default of an underlying bond they selected from the more than 2 million issues available for protection on the ATS;
- Eliminate the need for variation and other collateral margins for credit protection; and
- Generate competitive risk-free returns through anonymous basis-trading

Credit Investors can –

- Anonymously negotiate double-digit yields on transparent Smart Bonds in which referenced globally-pooled default risk is embedded; and
- Definitively manage or eliminate credit exposures through pairing investments in compensating Smart Securities.

All Participants can –

- Competitively speculate on the future movement of default protection pricing for all referenced securities in an anonymous and transparent all-to-all trading environment; and

- Access continually updating and validating Benchmark Prices for all Smart Securities and referenced issues available for trading within the DelphX primary and secondary markets.

All CPO and CRN securities are collateralized at issuance by cash, cash equivalent securities and Guaranteed Investment Contracts (GICs) issued by highly-rated insurers. Those collateral assets are held in custody by a custodian, the DelphX/Quantem Custodian. DelphX participants seeking new default protection (or to speculate on the future pricing of that protection) anonymously negotiate the structuring of that new CPO by: (a) selecting the subject CUSIP/ID from the more than one million corporate, municipal, ABS, MBS, sovereign and other credit securities in the DelphX Reference Database; and (b) specifying the Notional Size, Maturity and desired Spread of the pending CPO. Prospective buyers of the linked CRN will then competitively bid for the desired coupon of that bond (which, in turn, will determine the CRN's offered purchase discount and the linked CPO's offered spread).

Anonymous All-to-All Interaction

Participation in the DelphX ATS will be available to all financially-sound institutional investors and securities broker-dealers acceptable as a customer and/or potential counterparty to the custodian. The custodian will maintain customer accounts for each DelphX participant as may be required to efficiently provide all custody, investment and cash management services required by DelphX, Quantem and that participant. All participants will be authorized to anonymously negotiate, purchase and trade new and outstanding CPOs and CRNs on the DelphX ATS Platform, with each purchase of a new CPO being facilitated by a concurrent purchase by an unrelated participant of the linked CRN funding the collateral requirement of that CPO.

All Order-Books, pending orders and trades will be transparently displayed in real-time to all participants in the Blockchain-powered Distributed Ledger integrated within the DelphX ATS. Once the terms of a new CPO and linked CRN are agreed and mutually confirmed by the respective buyers, Quantem immediately executes the respective CPO and CRN sales and notifies the custodian of all pertinent information regarding each transaction through redundant encrypted messages transmitted within the secure Quantem Distributed Ledger and via the Society for Worldwide Interbank Financial Telecommunication (SWIFT) communication environment. Upon origination of the new CPO/CRN securities, the custodian performs the tasks indicated below.

Processing New CPO Purchases

To secure the CPO buyer's timely future payment of the specified quarterly spread of a new CPO, Quantem directs the custodian to collect from the buyer the amount of one annual spread which the custodian holds in a pre-paid spread account established for the subject CPO. All funds held in such pre-paid spread accounts will be invested in the Quantem Collateral Fund managed by an investment advisory subsidiary of BNY Mellon.

Should the CPO holder fail to timely remit a future quarterly spread payment when due, and fail to cure that default upon receipt of written notice, the contractual terms of the CPO authorize Quantem to:

- direct the custodian to collect the funds due from the CPO holder's pre-paid spread account(s); and
- optionally sell the subject CPO in the DelphX secondary market on behalf of the holder.

Processing New CRN Purchases

Upon receiving notice of the purchase of a new CRN, the custodian will collect the specified purchase proceeds from the CRO buyer and:

- (a) Establish a new CRN collateral account for the buyer/holder, in which all related collateral assets will be held;
- (b) Deposit 10% of the collected proceeds in the Quantem Collateral Fund managed by State Street Global Advisors (SSGA) for such funds;
- (c) Employ the remaining 90% of the collected funds to purchase a GIC bearing the same maturity as the new CRN from a participating insurer;
- (d) If elected by the CRN buyer, transfer the linked-CPO Risk embedded in the new CRN to the CRN Risk-Pool; and
- (e) Continually update the Quantem Ledger regarding all information relating to assets held in the holder's CRN collateral account.

Pooling Embedded Risks

When bidding for a new CRN, the prospective buyer elects to either retain or pool the embedded risk of compensation being paid in the future on the CPO linked to the pending CRN. If the bidder elects to retain the risk, no Purchase Price Discount will be offered by Quantem (as the lower risk and collateral requirements produced by pooling will not be available for the subject CRN). If pooling of the risk is chosen, the Spread of the linked-CPO being concurrently negotiated will determine the Coupon and Purchase Price Discount of the CRN being negotiated.

The transparent structure of the DelphX ATS Platform, and the anonymous and informed interaction among its participants, enables the negotiated Spread of each new CPO to accurately reflect the current market pricing of that risk. That Spread (risk concentration) and the Notional Size of the CPO also determine the pro rata Risk-Share of its linked-CRN within the CRN Risk-Pool.

A pro rata portion of each CPO Compensation Payment sourced from the Risk-Pool will be collected from the Collateral Account of each participating CRN holder. That pro rata amount will be determined at the time of the collection by dividing the holder's Risk-Share by the total sum of all current Risk-Shares outstanding. Thus, as the size of the Risk-Pool continually increases, the pro rata percentage of each exposure represented by any given Risk-Share will decrease. This continually-reducing exposure to any single risk demonstrates one of the many benefits of diversified pooling within the transparent Quantem Distributed Ledger.

Pooling Enhancement of CRN Yields

Transferring the risk embedded within a CRN to the Risk-Pool enables the holder to reduce its exposure from 100% of that risk to a small and continually reducing Risk-Share of the cost of funding compensation payable under all CPOs linked to the hundreds (and eventually thousands) of CRNs included in the Risk-Pool.

The lower risk and collateral requirement produced by pooling is then conveyed by Quantem to CRN holders through Spread-based purchase discounts. Indicated below are the purchase prices resulting from each displayed CPO Spread, and the higher post-claim yields rendered by the pooled CRNs.

Processing CPO Spreads and CRN Coupons

In addition to managing the CPO holder's Pre-Paid Spread Account and the CRN holder's Collateral Account, the Custodian also facilitates the collection of the quarterly CPO Spread payment from the CPO holder and remittance of the related quarterly Coupon to the CRN holder.

All Spread and Coupon payments collected and remitted by the Custodian are transparently recorded in the Quantem Ledger in real-time, but flow outside of the Pre-Paid Spread and Collateral Accounts maintained by the Custodian for the respective CPO and CRN holders.

Market-Based Determination of Underlying Security Value

The definition and requirements of a qualifying Credit Event are specified in the CPO and CRN documentation. Upon the reporting of a qualifying Credit Event (Exercise Date of the CPO), Quantem will promptly schedule a Single-Price Auction to be conducted on the ATS (occurring no less than 15 business days nor more than 20 business days following the Exercise Date of the CPO), to which all ATS participants will be invited to participate. Prior to the Auction, all participants intending to sell some or all of their holding of the underlying security may post their anonymous Sell order(s) at the single Clearing Price determined in the Auction.

Following the Auction Close, CPO holders electing to Physically Settle will then receive proceeds equal to the Face Amount of the CPO (100% of par value of the underlying security). For CPO holders electing to Cash Settle, the current market value (Auction Clearing Price) of the underlying security will be subtracted from its \$1,000 par value to calculate the cash CPO Sale Proceeds then due. Based on historical CDS trading activity, it is likely that the rate of origination of new and trading of existing CPOs referencing the subject underlying security will materially increase during the period leading up to the scheduled auction.

Development of the DelphX ATS Platform

DelphX will be completing development of the initial DelphX ATS platform over the next six months. Subsequent releases will extend the platform with Maven functionality and secondary marketing trading capability over the following six months. All of DelphX's development and research and development activities are conducted exclusively by it.

The initial major components of the platform include:

- Primary-Market Negotiation;
- CPO/CRN Origination, Clearing and Administration Functionality
- MAV_n Pricing Engine

The subsequent components will include:

- Secondary-Market trading functionality

The R&D allocation in the Corporation's budget will be used to develop, commercialize and operate the trading platform and related third-party data services.

Operations, Production and Sales

DelphX's initial and primary products and services have been described above. The Corporation is a firm that is heavily reliant upon its technology as described to attract and retain a many institutional capital markets firms that experience the benefits of adopting DelphX's services and products.

DelphX is developing a small, but skilled operations support team in addition to the technology development associates described above. This team is conversant in the systems and operations of the Corporation, and available to assist clients in benefitting from the system. The team will also include analytics personnel, because DelphX will also offer advanced analytics, such as providing indicative price levels for securities offered on its ATS. The Corporation is building strong customer relationships, investing

in people, processes and underlying systems to provide high-quality, responsive customer support and service.

A dedicated sales team experienced in capital markets is bringing DelphX's innovative solutions to institutional investors and capital markets firms, relying upon personal contacts and referrals, followed by seminars and presentations, handouts and illustrations. The sales and marketing team is active at industry conferences.

The Corporation has found considerable interest among previous participants in the single name CDS market. This market once commanded an outstanding portfolio of more than \$33 trillion. The fact that this market now only accounts for less than \$5 trillion indicates considerable pent up demand for an innovative solution.

While the initial revenue development is of US denominated corporate bonds and Sovereign debt, this has global application, with only minor adaptation.

DelphX will account for, but not directly handle monies transacted by participants on the ATS. The clearing and custodian will manage any payments made by and between participants on the ATS and allocate the correct share to the Corporation.

Specialized Skills and Knowledge

Certain aspects of the DelphX's business, relating to DelphX ATS Platform require specialized skills and knowledge, including expertise in the securities markets and expertise in software development. Increased competition for technology personnel may make it more difficult to hire and retain competent employees and consultants and may affect the Corporations's ability to grow at the pace it desires. However, the Corporation does not currently anticipate any significant difficulties in locating and keeping appropriate personnel as the employees and consultants it needs to bring the DelphX ATS Platform to launch and in this regard, DelphX has already entered into employment and/or consulting agreements with its key experts.

Cycles

DelphX does not expect its business to be cyclical or seasonal.

Economic Dependence

DelphX's success will depend in part on its ability to protect its proprietary rights and technologies, including, but not limited to, the DelphX ATS Platform and the processes associated therewith. The Corporation currently relies on a combination of patents, copyrights, trademark laws, trade secrets, confidentiality provisions and other contractual provisions to protect its proprietary rights. However, not all of these measures may apply or may afford only limited protection. The Corporation's failure to adequately protect its proprietary rights would adversely affect it.

Competition

DelphX faces competition from competitors beginning to integrate blockchain technology within their existing business models, as there are few barriers for the entry to into the market for blockchain technology businesses. DelphX may be unable to contend successfully with current or future competitors which include major technology companies, many of which are large, well-established companies with access to financial, technical and marketing resources significantly greater than DelphX. Competitors may develop or acquire new or improved products that are similar to those offered by DelphX, while not necessarily being direct competitors currently, or may make technological advances that reduce their cost of production so that they may engage in price competition. To-date, no such competitor has emerged.

Regulation

The regulation of blockchain technologies is developing and DelphX is subject to fragmented and potentially complex regimes, adopted in different technological eras, that create uncertainty for businesses like DelphX, which are utilizing blockchain technologies.

Regulatory changes may alter the affects DelphX's operations. Regulatory agencies could shut down or restrict the use of platforms or exchanges using blockchain-based technologies. This could lead to a loss of any investment made in DelphX and may trigger regulatory action by the SEC, the Ontario Securities Commission or other securities regulators. Any changes in the regulatory environment imposed upon the Corporation could adversely affect the ability of DelphX to attain its corporate objectives and could have a material adverse effect on its financial results and business.

DelphX Services Corporation, which operates the DelphX ATS, is subject to regulation, examination and disciplinary action by the SEC and the Financial Industry Regulatory Authority ("FINRA") with which it is registered. DelphX Services Corporation is also subject to rules and regulations relating to the prevention and detection of money laundering, privacy and data protection laws and regulations, and substantial other regulatory requirements. Any failure to comply with all applicable regulations, and any regulatory proceeding or civil or criminal action against DelphX Services Corporation could have a material adverse effect on DelphX's financial results and its business. As of the date of this AIF, DelphX Services Corporation is in compliance with all regulatory requirements.

Intellectual Property – DelphX ATS

DelphX's continues to develop its proprietary ATS platform, Bond Market 2.0, for negotiation, purchase and trading of a new form of linked smart contract securities that is being developed to provide guaranteed risk protection, higher yields and the ability to convert outstanding corporate, municipal, sovereign and other bonds and fixed income securities to credit investments.

Legal Matters and Insurance

There are no legal proceedings to which the Corporation is a party, or of which any of its property is the subject matter, and no such proceedings are known to the DelphX to be contemplated.

DelphX does not currently carry any "key-man" life insurance policies but does carry directors' and officers' insurance.

Offices

The principal address of the Corporation is 137 Glasgow St., Unit 445, Kitchener, Ontario, N2G 4X8.

DESCRIPTION OF THE CAPITAL STRUCTURE OF THE CORPORATION

Shares

An unlimited number of Shares are issuable pursuant to the Articles. As of April 30, 2019, 82,813,376 Shares are issued and outstanding. The holders of the Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and are entitled to one vote in respect of each Share held at such meetings.

Dividends

Holders of the Shares are entitled to receive dividends in such amounts and on such date or dates as may from time to time be determined by the directors of the Corporation. To date, the Corporation has not paid any dividends on its outstanding shares. It is not contemplated that any dividends will be paid in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of DelphX's business. Any decision to pay dividends on its Shares will be made by its board of directors on the basis of DelphX's earnings, financial requirements and other conditions.

Information and Reports

Directors of the Corporation are required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by such persons in Shares of the Corporation.

RISK FACTORS

The following are certain factors relating to the Corporation that prospective investors should carefully consider before deciding whether to purchase Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation, or that the Corporation currently deem immaterial, may also impair the operations of the Corporation. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of the Corporation could be materially adversely affected.

Additional Funding Requirements

DelphX will require additional financing to implement its business plan. The Corporation may raise additional funds through gap financing, debt financing and/or subsequent equity financing. DelphX may also borrow funds from a financial institution(s) using the assets of the Corporation as security for said loan(s). DelphX may also obtain additional financing through certain government subsidies or tax incentives available in certain geographic areas, if available, at the Corporation's discretion. Failure to obtain such additional capital on terms acceptable to the DelphX could restrict its ability to implement its growth plans. Further, a shortage of funds may prevent or delay DelphX from launching its platform, achieving profitability or enabling it to pay distributions to its shareholders. There is no assurance that the DelphX will have adequate capital to conduct its business or satisfy its financial obligations.

The ability of DelphX to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of DelphX. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing, if needed, or that such financing will be available on terms satisfactory to it. Additional financing raised by the issuance of shares from the treasury of DelphX may be dilutive to existing shareholders. There can be no assurance that DelphX will generate cash flow from operations necessary to support its continuing operations.

Conflicts of Interest

Certain of the directors and officers of DelphX are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including technology companies) and, as a result of these and other activities, such directors and officers of DelphX may become subject to conflicts of interest. The OBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or

agreement, subject to and in accordance with the OBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the OBCA. To management of DelphX's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Corporation and a director or officer of DelphX, except as otherwise disclosed herein.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market for DelphX's securities will be sustained. The market price for the Corporation's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of DelphX. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Adverse General Economic Conditions

Events in the global financial markets in the past several years have had a profound and lasting impact on the global economy. Some of the key impacts of the financial market turmoil included contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A similar slowdown in the financial markets or other economic conditions, including but not limited to, inflation, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Corporation's operations. Specifically, a global credit/liquidity crisis could impact the cost and availability of financing and overall liquidity, volatile energy, commodity and consumables prices and currency exchange rates could impact costs and the devaluation and volatility of global stock markets could impact the valuation of DelphX's equity and other securities. These factors could have a material adverse effect on DelphX's financial condition and results of operations.

General Industry Risks

Cybersecurity and Hacking Risks

Computer viruses, hackers or other security problems could interfere with DelphX's network software or the availability of it, and lead to misappropriation of proprietary and sensitive information and interruptions, delays or cessation in service to the Corporation's users. DelphX may be required to expend significant capital and other resources to protect against security breaches or losses or to alleviate problems caused by these breaches or losses. If third parties gain improper access to its systems or databases or those of the DelphX's partners or contractors, they may be able to steal, publish, delete or modify confidential information. A security breach could expose the DelphX to monetary liability, lead to inquiries and fines or penalties from regulatory or governmental authorities, lead to reputational harm and make users less confident in DelphX's services, which could harm its business, financial condition and results of operations.

Regulatory Risks

The regulation of blockchain technologies is developing and companies may be subject to fragmented and potentially complex regimes, adopted in different technological eras that create uncertainty for businesses such as DelphX, which is utilizing blockchain technologies.

Regulatory changes or actions may alter the nature of an investment in the DelphX or restrict the use of blockchain technologies in a manner that adversely affects its operations. Regulatory agencies could shut down or restrict the use of platforms or exchanges using blockchain based technologies. This could lead to a loss of any investment made in DelphX and may trigger regulatory action by the SEC, the Ontario Securities Commission or other securities regulators. Changes in the regulatory environment

imposed upon DelphX could adversely affect the ability of it to attain its corporate objectives and could have a material adverse effect on its financial results and business.

DelphX Services Corporation, which operates the DelphX ATS, is subject to regulation, examination and disciplinary action by the SEC and the Financial Industry Regulatory Authority ("FINRA") with which it is registered. DelphX Services Corporation is also subject to rules and regulations relating to the prevention and detection of money laundering, privacy and data protection laws and regulations, and substantial other regulatory requirements. Any failure to comply with all applicable regulations, and any regulatory proceeding or civil or criminal action against DelphX Services Corporation could have a material adverse effect on DelphX's financial results and business.

Market Acceptance

The marketplace may be slow to accept or understand the significance of the DelphX's products and services due to their unique nature and the competitive landscape. Market confusion may slow sales and acceptance of its products and services. If the Corporation is unable to promote, market and sell its products and services and gain market acceptance, DelphX's business and financial condition would be adversely affected.

Dependence on Technological Infrastructure and Advancements

The blockchain industry is subject to significant technological advancements, changing industry standards, market trends, customer preferences and competitive pressures which can, among other things, necessitate revisions in pricing strategies, price reductions and reduced profit margins. The success of DelphX will depend on its ability to secure technological superiority in its services and maintain such superiority in the face of new technologies. No assurance can be given that further modification of product offerings of the DelphX will not be required in order to meet demands or to remain competitive.

In addition, the DelphX ATS and its smart contracts are novel and are subject to risks associated with the fact they are new and untested, including:

- a rapidly-evolving regulatory landscape, which might include security, privacy or other regulatory concerns that could require the DelphX ATS to implement changes to its system that could disrupt operations;
- the possibility of undiscovered technical flaws in the DelphX technology, including in the process by which transactions are recorded by the DelphX ATS to the proprietary ledger or by which the validity of a copy of the proprietary ledger can be mathematically proven utilizing cryptographically-secured distributed ledger network technology; and
- the possibility that cryptographic security measures that authenticate transactions and the blockchain for the applicable distributed ledger could be compromised, which could allow an attacker to alter the distributed ledger and thereby disrupt the ability to corroborate definitive transactions recorded on the proprietary ledger.

Risks associated with DelphX's Business

Competition

DelphX faces competition from competitors beginning to integrate blockchain technology within their existing business models, as there are few barriers for the entry to into the market for blockchain technology businesses. Failure to compete successfully against other similar companies could have a material adverse effect on the Corporation and its prospects. DelphX may be unable to contend successfully with current or

future competitors which include major technology companies, many of which are large, well-established companies with access to financial, technical and marketing resources significantly greater than the DelphX. The Corporation's competitors may develop or acquire new or improved products that are similar to those offered by it, while not necessarily being direct competitors currently, or may make technological advances that reduce their cost of production so that they may engage in price competition.

Product Development Risk and No Assurance of Commercialization

Substantial corporate resources will be expended on the development of the DelphX ATS Platform. The DelphX ATS Platform remains in the research and development stage and has not yet been commercialized. There can be no guarantee that the DelphX ATS Platform will achieve the objectives which it believes are necessary for it to result in a successful product in the market. There are significant risks, expenses, delays and difficulties frequently encountered in establishing new products in the technology products industry, which is characterized by an increasing number of market entrants, intense competition and high failure rate. Further, there is always the risk in product development that the products will fail to function as intended or that the market for such products will not develop as anticipated or when anticipated. There is often a lengthy time-period between the time of product conceptualization to product commercialization, and there can be no assurances that development of new products will be completed at all, on time or within budget. Failure to successfully commercialize the DelphX ATS Platform may materially and adversely affect DelphX's financial condition and results of operations.

Infrastructure Risk

DelphX's ability to attract, retain, and serve customers is dependent upon the reliable performance of the blockchain software platform and the underlying technical infrastructure. It is possible that it may fail to effectively scale and grow its technical infrastructure to accommodate these increased demands. Additionally, any disruption or failure in the services the Corporation receives from third party partners used to facilitate its business could harm the DelphX's business. Any financial or other difficulties these partners face may adversely affect the Corporation's business, and it exercises little control over these partners, which increases vulnerability to problems with the services they provide.

Limited Protection of Patents and Proprietary Rights

DelphX's success will depend in part on its ability to protect its proprietary rights and technologies, including, but not limited to the DelphX ATS Platform. DelphX will rely on a combination of contractual arrangements, patents, trade secrets and know-how to protect its proprietary technology and rights and the Corporation's failure to protect its intellectual property rights may result in the loss of valuable technologies and undermine its competitive position. However, not all of these measures may apply or may afford only limited protection. In addition, the laws of some foreign countries do not protect proprietary technology rights to the same extent as do the laws of Canada and the United States. A failure of DelphX to adequately protect its proprietary rights may adversely affect its business.

Unpatented trade secrets, improvements, confidential know-how and continuing technological innovation may be important to DelphX's commercial success. Although it will attempt to, and will continue to attempt to, protect proprietary information through reliance on trade secret laws and the use of confidentiality agreements with collaborators, licensees, employees and consultants and other appropriate means, these measures may not effectively prevent disclosure of or access to proprietary information, and, in any event, others may develop independently, or obtain access to, the same or similar information.

Despite its efforts to protect its proprietary rights, there can be no assurance that DelphX's intellectual property will not be infringed upon, that it would have adequate remedies for any such infringement or adequate funds to take action against those infringing such intellectual property, or that its trade secrets will not otherwise become known or independently developed by its competitors. There can also be no assurance

that any patents now or hereafter issued to, licensed by or applied for by the Corporation will be upheld, if challenged, or that the protections afforded thereby will not be circumvented by others. There can be no assurance that the DelphX's competitors will not independently develop technologies that are substantially equivalent or superior to the technologies of DelphX.

Infringement of Intellectual Property Rights

While DelphX believes that its intellectual property does not infringe upon the proprietary rights of third parties, its commercial success depends, in part, upon the Corporation not infringing intellectual property rights of others. A number of DelphX's competitors and other third parties have been issued or may have filed patent applications or may obtain additional patents and proprietary rights for technologies similar to those utilized by it. Some of these patents may grant very broad protection to the owners of the patents.

DelphX may become subject to claims by third parties that its technology infringes their intellectual property rights.

Litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the DelphX's proprietary rights. Some of its competitors have, or are affiliated with companies having, substantially greater resources than the Corporation and these competitors may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than DelphX.

Regardless of their merit, any such claims could be time consuming to evaluate and defend, result in costly litigation, divert management's attention and focus away from the business, subject DelphX to significant liabilities and equitable remedies, including injunctions, require it to enter into costly royalty or licensing agreements and require the Corporation to modify or stop using infringing technology.

Privacy

DelphX may receive, store and process personal information and other customer data and information relating to financial transactions. As a result, the Corporation must comply with the numerous federal, provincial and local laws in the United States, Canada and abroad relating to the collection, use, disclosure, storage and safeguarding of personal information. Any failure or perceived failure by it to comply with its privacy policies, privacy-related obligations to customers or other third parties, or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines or litigation.

Risk of Obsolescence

New developments in technology may negatively affect the development or sale of some or all of the DelphX's product or service offerings or make them obsolete. The inability of DelphX to enhance existing products and services in a timely manner or to develop and introduce new products and services that incorporate new technologies, conform to increasingly regulatory requirements, and achieve market acceptance in a timely manner could negatively impact the Corporation's competitive position. New product and service development or modification is costly, involves significant research, development, time and expense, and may not necessarily result in the successful commercialization of any new products or services.

Expansion Risk

Any expansion of the DelphX's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Corporation will be able to implement and

subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that DelphX will be able to manage growth successfully. Any inability of DelphX to manage growth successfully could have a material adverse effect on its business, financial condition and results of operations.

Limited Operating History

DelphX has incurred losses since its inception and it is expected to continue to incur losses during its development of the DelphX ATS Platform. As such, it will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. DelphX's ability to reach and then sustain profitability depends on a number of factors, including the growth rate of the blockchain industry, the market acceptance of the DelphX ATS Platform and the competitiveness of the Corporation. There is no assurance that DelphX will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Lack of Operating Cash Flow

DelphX currently has no source of operating cash flow and this is expected to continue until the third quarter of 2019. No assurance can be given that it will ever attain positive cash flow or profitability or that additional funding will be available for operations. DelphX's failure to achieve profitability and positive operating cash flows could have the following consequences: (a) increasing its vulnerability to general adverse economic and industry conditions; (b) limiting its ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and (c) limiting its flexibility in planning for, or reacting to, changes in its business and industry.

Dependence on Management and Key Personnel

The success of DelphX for the foreseeable future will depend largely upon the ability of its management team and other key personnel. The loss of any one of these individuals could have a material adverse effect on its business, and DelphX would need to devote substantial resources to finding replacements. The Corporation currently does not carry "key-man" life insurance policies covering any of these officers.

Competition for qualified and experienced personnel in the technology field is generally intense, and DelphX will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its business objectives. The failure to attract or retain key executives and personnel could impact the DelphX's operations.

Uninsured Risks

DelphX may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs or for other reasons. Furthermore, it may incur liability to third parties in excess of any insurance coverage or for which the Corporation is not insured arising from any damage or injury caused by DelphX's operations, which may have a material adverse effect on its financial position

MARKET FOR SECURITIES

The Shares are listed for trading on the TSX Venture Exchange under the symbol DELX. The following is a summary of the price range and trading volume on the Toronto Stock Exchange for the Shares for the period from listing (October 24, 2017) to October 31, 2017, when the Shares were halted pending the announcement of the Qualifying Transaction.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
October 26-October 31, 2017	0.12	0.12	100,000
November 2017 to Qualifying Transaction close	Halted trading		

Subsequent to the completion of the Qualifying Transaction, the Corporation's shares have traded as follows:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
May 5 – May 31, 2018	0.78	0.38	6,004,842
June 2018	1.13	0.73	1,437,948
July 2018	0.85	0.74	545,890
August 2018	0.78	0.64	77,194
September, 2018	0.74	0.52	492,540
October 2018	0.54	0.45	513, 892
November 2018	0.495	0.35	268,122
December 2018	0.40	0.34	202,770

ESCROWED SECURITIES

The following table sets out the number of securities held in escrow at April 30, 2019.

Designation of Class	Number of Securities held in Escrow¹	Percentage of Class
Common Shares	32,542,206 ²	52%

¹The escrowed shares are held by Computershare Investor Services Inc. as escrow agent pursuant to a TSXV Form 2F CPC Escrow Agreement dated January 27, 2017 and a Tier 2 TSXV Form 5D Value Security Escrow Agreement dated April 5, 2018

²The escrowed shares will continue to be released evenly on the following 4 dates: October 25, 2019, April 25, 2020, October 25, 2020 and April 25, 2021.

DIRECTORS AND EXECUTIVE OFFICERS

Name	Principal Occupation During Last Five Years	Date Appointed as Director
Larry Fondren Malvern, Pennsylvania Director and Executive Chairman	President and Chief Executive Officer of DelphX Corporation, February 2016 to present, President and Chief Executive Officer of DelphX Services Corporation, from January 2007 to present	April 25, 2018
Patricia Ziegler Co-Chief Executive Officer	President and Chief Operating Officer of Continuum Financial Centres	-

Name	Principal Occupation During Last Five Years	Date Appointed as Director
Stephen R. Bacso Kitchener, Ontario Director and Co-Chief Executive Officer	Chief Technology Officer of the Corporation, President of Waterloo Analytics from May 1992	April 25, 2018
Alexander Jardin Burlington, Ontario Director and Chief Actuary and Risk Officer	Chief Actuary and Risk Officer of the Corporation	April 25, 2018
Toby Pierce ⁽¹⁾ Vancouver, B.C. Director	Chief Executive Officer and a director of TAG Oil Ltd. from June 2015 to present; CEO of Crest Petroleum Corp. from January 2012 to July 2015 and Director of Crest Petroleum Corp. from January 2012 to October 2016; Partner and Lead Oil and Gas Analyst of GMP Europe Securities LLP from January 2010 to February 2012	October, 2016
Keith Ainsworth ⁽¹⁾ Cambridge, Ontario Director	Corporate director	April 25, 2018
Steven J. Mannik ⁽¹⁾ Bonita Springs, Florida Director	Corporate director. President and Chief Executive Officer of General Re Life Corporation from 2007 to 2016; Executive Vice President and General Manager, Manulife Reinsurance from 2001 to 2007	August 27, 2018
Shant V. Harootunian Madison, New Jersey Chief Operating Officer	Senior AOS Consultant, International Services, Inc. from July 2017 to present; President of Stage Three Enterprises from October 2007 to January 2015; Chief Operating Officer of DelphX LLC from February 2015 to January 2016	-
Stephen Gledhill Aurora, Ontario Chief Financial Officer	Chief Financial Officer and Corporate Secretary of DelphX Corporation; Chief Financial Officer and Corporate Secretary for multiple publicly-traded companies	-

(1) Member of the audit committee.

Each director has been elected or appointed to hold office until the next annual meeting of Shareholders.

The directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 52,126,994 Shares, representing approximately 66.4% of the issued and outstanding Shares.

Summary biographies for each of the directors and executive officers of DelphX are set out below.

Larry E. Fondren

Mr. Fondren has designed and implemented a variety of facilities that provide transparency, liquidity and lower costs to financial markets. In the 1990s, he developed and operated the first regulated market for electronic trading of corporate bonds and asset-backed securities, and the first Internet-based auction facility for sales of new debt instruments.

Mr. Fondren has also testified before the U.S. Congress regarding the need for greater efficiency and transparency in the credit markets and the adverse impact of inefficiencies upon investors.

Patricia Ziegler

An experienced executive with nearly 25 years in the financial services industry, Patricia Ziegler was most recently President and Chief Operating Officer of Continuum Financial Centres. Prior to that role, Patricia served in key executive leadership roles—including Chief Marketing and Corporate Strategy Officer, Chief Corporate Services Officer and Chief Operating Officer—at Financial Horizons Group, a Canada-based financial services firm. During her time there she oversaw an 800% growth in EBITDA over a 7-year period. Prior to that she served in numerous senior leadership positions at Sun Life Financial. Patricia has an MBA and has twice been named one of Canada's most influential women in financial services.

Stephen Bacso

Mr. Bacso is a serial technology entrepreneur whose first start-up, PixStream, developed a video networking platform for telecommunication and cable television companies that was acquired by Cisco Systems, Inc.

More recently, he has founded start-ups based in Waterloo, Ontario and focused on healthcare analytics, computer-aided patient diagnostics, Blockchain technology, financial asset trading, and document analytics.

Mr. Bacso has also developed controls and graphics/video display suite applications for the U.S. Air Force's Advanced Tactical Fighter and U.S. Army's Apache and Light Helicopter Experimental program helicopters with Litton Systems, McDonnell Douglas and Bell Labs.

Alexander Gordon Jardin

Mr. Jardin is a Fellow and past Board Member of the Society of Actuaries, a Fellow of the Canadian Institute of Actuaries and a Member of the American Academy of Actuaries. He has been Chief Executive Officer and Chief Operating Officer of reinsurance companies - Generali USA and Partner Re Life/Winterthur Life Re, and Vice President and General Manager, Reinsurance for Sun Life of Canada.

More recently, Mr. Jardin was the Chief Executive Officer of residential mortgage acquisition and servicing company, Franklin Credit Management Corporation.

Shant Harootunian

Mr. Harootunian has broad experience in the fixed income data, analytics, trading, pricing and evaluation sectors, having built and managed BARRA's Bond Express trading platform and Mergent's Pricing and Evaluation Services, and later heading the strategic direction and operations of the end-of-day and intra-day evaluation units of Interactive Data Corp.

At Reuters America, Mr. Harootunian negotiated and managed the firm's strategic partnerships with fixed income data providers and redistributors and piloted each firm's acquisitions of related databases and lines of complementary business.

Toby Pierce

Mr. Pierce is Chief Executive Officer and a director of Vancouver based TAG Oil Ltd. and has served in this role since June 2015. Mr. Pierce is a natural-resource executive with many years of extensive transactional and valuation experience. As Director of Oil and Gas Institutional Research at Tristone Capital from 2006 to 2010 Mr. Pierce worked in both the Calgary and London offices. Remaining in London, Mr. Pierce became Partner and Lead Oil and Gas Analyst for GMP Securities Europe LLC from 2010 to 2012, where he covered a variety of oil and gas companies and provided strategic advice and valuation expertise both internally to the investment banking and sales partners, and externally to energy company management on asset acquisitions, financings, and capital markets.

From 2012 to 2015, Mr. Pierce was the CEO and co-founder of Crest Petroleum Corp., an Exchange listed oil and gas company. Mr. Pierce is currently a director and CEO of TAG Oil Ltd., a Toronto Stock Exchange listed company, a director of Chelsea Oil and Gas Ltd., a company traded on the Over the Counter Bulletin Board, and a director of Crystal Exploration Inc., an Exchange listed company, and was formerly a director of Redtail Metals Corp. and North Country Gold Corp., both listed on the Exchange.

Mr. Pierce is a graduate of the Rotman School of Management at the University of Toronto where he earned an M.B.A. degree in Finance, and also holds a B.Sc. degree in Earth Sciences from the University of Victoria.

Keith Ainsworth

Mr. Ainsworth is an electrical engineer who retired from the role of President and Chief Executive Officer of COM DEV International Ltd. in 2002, after being with the company for 27 years. He continued as Chairman of the Board of Directors of the company until 2009.

He is currently the President of Technology Horizons Ltd., a privately held company that invested at an early stage in many successful companies, including Research in Motion, Radarsat International and Orion Network Systems.

He is also Chair of the Board for the rare Charitable Research Reserve and is a member of The Board of Governors for Junior Achievement of Waterloo Region.

Steven J. Mannik

Mr. Mannik served as the President and Chief Executive Officer at General Re Life Corporation from 2007 to 2016. General Re Life Corporation is the North American life and health arm of General Re Corporation, a subsidiary of Berkshire Hathaway, and one of the leading reinsurers in the world.

While at General Re Life Corporation, Mr. Mannik also had key leadership roles for two group-wide initiatives – Decision Analytics (Big Data / Predictive Modelling) and a Legacy Enterprise Systems conversion to SAP.

Prior to General Re Life Corporation, he was the Executive Vice President and General Manager, Manulife Reinsurance from 2001 to 2007, with responsibility for all aspects of Manulife's reinsurance lines of business worldwide, with offices in Toronto, Boston, Germany and Barbados. Immediately prior to that he was Vice President of Business Development at Manulife from 1999 to 2001. In 2001, he was a key member of the team that negotiated the acquisition of 1.5 million in-force policies from Daihyaku Mutual of Japan, adding significant size and scope to Manulife's Japanese operations.

From 1988 to 1999, Mr. Mannik was a Principal in the Toronto office of Towers Perrin, serving as the client relationship manager and senior pension consultant for a number of the office's largest clients. In 1997 he led the Towers Perrin team that advised Eaton's on its landmark \$450 million pension plan surplus sharing case.

Stephen Gledhill

Mr. Gledhill is a founding member and Managing Director and CFO of RG Mining Investments Inc. and RG Management Services Inc., both of which are accounting, administrative and corporate secretarial services companies. In 1992, he formed Keshill Consulting Associates Inc., a boutique management consulting practice. Mr. Gledhill has over 25 years of financial-control experience and acts as Chief Financial Officer and Corporate Secretary for multiple publicly-traded companies, several of which he was instrumental in scaling-up and taking public.

Corporate Cease Trade Orders or Bankruptcies

Other than disclosed below, as at the date of this AIF and within the ten years before the date of this AIF, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On April 25, 2016, BlueOcean NutraSciences Inc. (“BOC”) applied to the applicable Canadian securities regulatory authorities pursuant to National Policy 12-203 – Cease Trade Orders for Continuous Disclosure Defaults (“Policy 12-203”) for a MCTO, which precluded members of management (including Stephen Gledhill, CFO) from trading BOC common shares until such time as the MCTO is no longer in effect. The MCTO was sought by BOC as it would not be filing its audited annual financial statements, related management discussion and analysis and applicable officer certifications (the “Annual Materials”) by the deadline date of April 29, 2016. On May 9, 2016, the OSC granted a temporary MCTO, effective until May 16, 2016. On May 16, 2016, the OSC issued a permanent MCTO in effect until 2 days following BOC filing its Annual Materials with the applicable regulatory authorities. On July 19, 2016, BOC filed its Annual Materials and on July 21, 2016, the MCTO was lifted.

On January 12, 2016 (further to a TSX Venture Exchange Bulletin dated January 11, 2016), Gemoscan Canada, Inc.’s (“GES”) shares were suspended from trading on the TSX Venture Exchange for failing to maintain exchange requirements, GES having made assignment into bankruptcy. Effective January 13, 2016, GES’s listing was transferred to the NEX. Stephen Gledhill served as CFO of GES from August 2010 to November 2015.

Governance

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires the Corporation to disclose, on an annual basis, its approach to corporate governance with reference to the guidelines provided in National Policy 58-201 - *Corporate Governance Guidelines* (the “**Guidelines**”).

The Board and the management of the Corporation (“**management**”) recognize that effective governance practices are fundamental to the long-term success of the Corporation. Sound governance contributes to Shareholder value through increased confidence. The Board and management are, therefore, committed to maintaining a high standard of governance in substantial conformity with the Guidelines.

Audit Committee

Audit Committee Charter

The Audit Committee's mandate is to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and risk management. Attached as Schedule “A” to this AIF is the Charter of the Audit Committee.

Composition of the Audit Committee

The members of the Audit Committee of the Corporation are comprised of three (3) directors, being Toby Pierce, Steven Mannik and Keith Ainsworth, who acts as Chair. Each of the members of the Audit Committee of the Corporation are “financially literate” and “independent” within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

The following sets out the education and experience of each audit committee member relevant to the performance of his responsibilities as an audit committee member:

Toby Pierce

Mr. Pierce is Chief Executive Officer and a director of Vancouver based TAG Oil Ltd. and has served in this role since June 2015. Mr. Pierce is a natural-resource executive with many years of extensive transactional and valuation experience. As Director of Oil and Gas Institutional Research at Tristone Capital from 2006 to 2010 Mr. Pierce worked in both the Calgary and London offices. Remaining in London, Mr. Pierce became Partner and Lead Oil and Gas Analyst for GMP Securities Europe LLC from 2010 to 2012, where he covered a variety of oil and gas companies and provided strategic advice and valuation expertise both internally to the investment banking and sales partners, and externally to energy company management on asset acquisitions, financings, and capital markets.

From 2012 to 2015, Mr. Pierce was the CEO and co-founder of Crest Petroleum Corp., an Exchange listed oil and gas company. Mr. Pierce is currently a director and CEO of TAG Oil Ltd., a Toronto Stock Exchange listed company, a director of Chelsea Oil and Gas Ltd., a company traded on the Over the Counter Bulletin Board, and a director of Crystal Exploration Inc., an Exchange listed company, and was formerly a director of Redtail Metals Corp. and North Country Gold Corp., both listed on the Exchange.

Mr. Pierce is a graduate of the Rotman School of Management at the University of Toronto where he earned an M.B.A. degree in Finance, and also holds a B.Sc. degree in Earth Sciences from the University of Victoria.

Keith Ainsworth

Mr. Ainsworth is an electrical engineer who retired from the role of President and Chief Executive Officer of COM DEV International Ltd. in 2002, after being with the company for 27 years. He continued as Chairman of the Board of Directors of the company until 2009.

He is currently the President of Technology Horizons Ltd., a privately held company that invested at an early stage in many successful companies, including Research in Motion, Radarsat International and Orion Network Systems.

Steven J. Mannik

Steven Mannik is a Fellow of the Society of Actuaries and the Canadian Institute of Actuaries and served as the President and Chief Executive Officer at General Re Life Corporation from 2007 to 2016. Prior to General Re Life Corporation, he was the Executive Vice President and General Manager, Manulife Reinsurance from 2001 to 2007, with responsibility for all aspects of Manulife's reinsurance lines of business worldwide. Immediately prior to that he was Vice President of Business Development at Manulife from 1999 to 2001.

From 1988 to 1999, Mr. Mannik was a Principal in the Toronto office of Towers Perrin, serving as the client relationship manager and senior pension consultant for a number of the office's largest clients. In 1997 he led the Towers Perrin team that advised Eaton's on its landmark \$450 million pension plan surplus sharing case.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Audit Fees

The aggregate fees billed by the Corporation's auditors in the last two fiscal years are as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Audit fees	\$67,400	\$72,385
Audit-related fees	\$7,500	Nil
Tax fees	Nil	Nil
All other fees	Nil	Nil

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No informed person of the Corporation (a director, officer or holder of 10% or more of the Shares) or nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries, except with respect to an interest arising from the ownership of shares where such person or company received no extra or special benefit or advantage not shared on a pro-rata basis by all holders of such shares.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal office at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

There are no material contracts that the Corporation has entered into since the commencement of the year ended December 31, 2018.

ADDITIONAL INFORMATION

Copies of the financial statements of the Corporation for the financial years ended December 31, 2018 and 2017, together with the auditor's report thereon and management's discussion and analysis and the information circular for the annual shareholders' meeting held on September 26, 2018, are available upon written request from the Chief Financial Officer of the Corporation, 137 Glasgow Street, Unit 445, Kitchener, Ontario N2G 4X8, or steve.gledhill@delphx.com. These documents and additional information concerning the Corporation are available on SEDAR at www.sedar.com.

SCHEDULE "A"

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS (the "Board") OF DELPHX CAPITAL MARKETS INC.

1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries.

2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under National Instrument 52-110 – *Audit Committees*, while the Company is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 Each Member of the Audit Committee must be "financially literate" as defined under National Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

4.0 Duties and Responsibilities

The Audit Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;

- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Condition ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;
- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and;
- (p) periodically review the adequacy of its charter and recommend any changes thereto to the Board.

5.0 Miscellaneous

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.