

DeepMarkit Corp.
Condensed Consolidated Interim Financial Statements
for the three and nine months ended September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

DeepMarket Corp.
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September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

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Management's Responsibility for Financial Reporting

To the Shareholders of DeepMarkit Corp.:

The accompanying condensed consolidated interim financial statements have been prepared by Management in accordance with International Financial Reporting Standards and have been approved by the Board of Directors. In support of this responsibility, Management maintains a system of internal controls to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets. The condensed consolidated interim financial statements include amounts which are based on the best estimates and judgments of Management.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility principally through the Audit Committee.

The Audit Committee consists of a majority of independent directors not involved in the daily operations of the Company. The Audit Committee meets with Management and the external auditors to satisfy itself that Management's responsibilities are properly discharged and to review the consolidated financial statements prior to their presentation to the Board of Directors for approval.

The auditor has not performed a review of the unaudited condensed consolidated interim financial statements for the three and nine month period ending September 30, 2018.

November 28, 2018

(signed) "Darold H. Parken",
Director and President and Chief Executive Officer

(signed) "Sandra Généreux",
Chief Financial Officer

DeepMarket Corp.
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

	September 30, 2018	December 31, 2017
Assets		
Current		
Cash and cash equivalents	\$ 692,799	\$ 564,636
Accounts receivable	1,382	4,644
Prepaid expenses and deposits	9,534	3,294
	703,715	572,574
Property and equipment (Note 5)	19,230	27,761
	\$ 722,945	\$ 600,335
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 106,996	\$ 86,189
Debenture payable (Note 6)	2,000,000	2,000,000
	2,106,996	2,086,189
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	13,499,261	12,245,804
Contributed surplus	2,045,294	1,624,080
Accumulated deficit	(16,928,606)	(15,355,738)
	(1,384,051)	(1,485,854)
	\$ 722,945	\$ 600,335

Going concern (Note 2)

Approved by the Board:

(signed) "Darold H. Parken" , Director

(signed) "Paul McKenzie" , Director

DeepMarket Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

	For The Three Months Ended		For The Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
Expenses				
Wages and benefits (Note 8)	\$ 179,555	\$ 262,386	\$ 576,499	\$ 782,084
General and administrative (Note 8)	113,555	242,432	335,422	620,612
Stock-based compensation (Notes 7 & 8)	27,459	20,213	423,164	137,371
Professional fees (Note 8)	7,500	25,858	24,125	67,403
Listing and filing fees	7,560	8,282	33,178	38,330
Amortization (Note 5)	1,861	2,932	5,583	8,404
Finance costs (Notes 6 & 8)	60,434	60,434	181,917	181,313
Loss (gain) on foreign exchange	50	4,007	(742)	7,769
Interest income	(2,573)	(2,852)	(8,106)	(4,171)
Loss on disposal of property and equipment	-	-	1,828	-
Net Loss and Comprehensive Loss	\$ 395,401	\$ 623,692	\$ 1,572,868	\$ 1,839,115
Loss per share - basic and diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding (Note 7)	118,827,733	88,777,733	112,121,506	79,140,370

DeepMarket Corp.
Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended September 30, 2018
(Unaudited)
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	Share capital	Contributed surplus	Accumulated deficit	Total equity (deficiency)
Balance - January 1, 2017	\$ 9,788,090	\$ 1,474,427	\$ (12,939,549)	\$ (1,677,032)
Shares issued in private placements (Note 7)	2,647,500	-	-	2,647,500
Share issue costs (Note 7)	(189,786)	-	-	(189,786)
Stock-based compensation (Notes 7 & 8)	-	137,371	-	137,371
Net loss and comprehensive loss	-	-	(1,839,115)	(1,839,115)
Balance - September 30, 2017	\$ 12,245,804	\$ 1,611,798	\$ (14,778,664)	\$ (921,062)
Balance - January 1, 2018	\$ 12,245,804	\$ 1,624,080	\$ (15,355,738)	\$ (1,485,854)
Shares issued in private placements (Note 7)	1,500,000	-	-	1,500,000
Shareholder loan (Note 7)	(200,000)	-	-	(200,000)
Stock options exercised (Note 7)	5,950	(1,950)	-	4,000
Share issue costs (Note 7)	(52,493)	-	-	(52,493)
Stock-based compensation (Notes 7 & 8)	-	423,164	-	423,164
Net loss and comprehensive loss	-	-	(1,572,868)	(1,572,868)
Balance - September 30, 2018	\$ 13,499,261	\$ 2,045,294	\$ (16,928,606)	\$ (1,384,051)

DeepMarket Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

	2018	2017
Cash provided by (used in):		
Operating activities		
Net loss	\$ (1,572,868)	\$ (1,839,115)
Non cash items		
Amortization (Note 5)	5,583	8,404
Loss on disposal of property and equipment	1,828	-
Stock-based compensation (Notes 7 & 8)	423,164	137,371
	(1,142,293)	(1,693,340)
Change in non-cash working capital items (Note 11)	17,829	(34,194)
	(1,124,464)	(1,727,534)
Investing activities		
Purchase of property and equipment (Note 5)	-	(3,923)
Proceeds on disposal of property and equipment	1,120	-
	1,120	(3,923)
Financing activities		
Issuance of common shares and warrants, net of issue costs (Note 7)	1,251,507	2,457,714
Increase in cash	128,163	726,257
Cash and cash equivalents, beginning of periods	564,636	333,099
Cash and cash equivalents, end of periods	\$ 692,799	\$ 1,059,356
Cash and cash equivalents consists of:		
Cash	\$ 652,058	\$ 1,018,985
Redeemable term deposit	40,741	40,371
	\$ 692,799	\$ 1,059,356
Supplemental disclosure of cash flow information		
Interest paid	\$ 181,917	\$ 181,313
Interest income received	\$ 8,106	\$ 4,171

DeepMarkit Corp.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2018
(Unaudited)
(Expressed in Canadian Dollars)

1. Nature of operations

DeepMarkit Corp. (the “Corporation” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on November 20, 2007 under the name Challenger Deep Resources Corp. On October 30, 2015, the Company changed its name to DeepMarkit Corp. The Company trades on the TSX-V under the symbol MKT and on the OTCQB under the symbol MKTDF and is a Technology Issuer. To date the Company has not generated revenues from operations. The registered address of the Company is Suite 202, 615 15th Avenue SW Calgary, Alberta T2R 0R4.

2. Going concern

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations.

The Company’s ability to maintain its current level of operations is dependent on its ability to generate sufficient cash to fund its business plan. To date, the Company has no sources of revenue. At September 30, 2018, the Company had cash of \$692,799 (December 31, 2017 - \$564,636) and a working capital surplus of \$596,719 (December 31, 2017 - \$486,385).

During the nine months ended September 30, 2018, the Company completed an equity private placement for gross proceeds of \$1,500,000. In fiscal 2017, the Company completed two equity private placements for gross proceeds of \$2,647,500. In addition to any capital raised from new financing, if any, there are 30,000,000 (December 31, 2017 – 22,816,667) share purchase warrants exercisable at \$0.10 expiring in March 2019. Each share purchase warrant is exercisable into one common share.

While Management believes the Company has sufficient cash to discharge its obligations in the normal course of operations for the short-term, future operations will continue to be dependent upon the successful development of the Company’s business plan and raising of sufficient capital to execute on that plan, and the corresponding generation of future cash flows. Management believes the going concern assumption is appropriate for these condensed consolidated interim financial statements. The Company’s ability to continue as a going concern on a near, medium and longer term basis depends on its ability to successfully raise additional financing for further activity and development and achieve profitable operations. In order to fund the Company’s 2019 capital and operating budget, additional financing will be required.

While the Company has been successful to date in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Because the Company has been unsuccessful in generating income from its business, there is significant risk that additional financing may not be attainable in which event the Company would not be able to continue its business operations. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, material adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the consolidated statement of financial position classifications used.

DeepMarket Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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3. Basis of presentation

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Specifically they have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The unaudited condensed consolidated interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 28, 2018.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except as otherwise noted. The condensed consolidated interim financial statements are presented in Canadian dollars.

(c) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of Management estimates and assumptions are discussed below. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimate of recoverability for non-financial assets

Events or changes in circumstances, may give rise to significant impairment charges or reversals of impairment in a particular year. In accordance with the Company's accounting policy, each non-financial asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell and value in use. Impairment testing is also performed annually for goodwill, if any. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal. Value in use is also generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent in the asset. Future cash flow estimates are based on expected sales volumes, operating costs and future capital expenditure. This policy requires Management to

DeepMarket Corp.
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3. Basis of presentation, continued

make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be impaired and the impairment would be charged to the condensed consolidated interim statement of loss and comprehensive loss.

(ii) Share-based payments

The Company provides compensation benefits to employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behaviour within the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.

(iii) Fair value of financial instruments, including embedded derivatives

Where the fair value of financial assets and financial liabilities recorded in the condensed consolidated interim statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iv) Taxation

The Company's accounting policy for taxation requires Management's judgment in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the condensed consolidated interim statement of financial position. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on Management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the condensed consolidated interim statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the condensed consolidated interim statement of loss and comprehensive loss.

DeepMarket Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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4. Summary of significant accounting policies and adoption of new accounting standards

The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent audited annual financial statements for the year ended December 31, 2017 except as follows:

Basis of consolidation

The condensed consolidated interim financial statements include those of DeepMarket Corp. and its wholly-owned subsidiary DeepMarket Digital Corp. ("Digital"), incorporated in Canada on May 31, 2018. Digital has been inactive since incorporation.

The subsidiary is fully consolidated from the date on which control is transferred to the Company until the date the control is lost. Inter-Corporation balances and transactions, and any unrealized income and expenses arising from inter-Corporation transactions, are eliminated in preparing the condensed consolidated interim financial statements.

IFRS 9 - Financial Instruments

On January 1, 2018, the Company adopted the new accounting standard IFRS 9. The Company concluded that there is no significant impact resulting from the application of this new standard on its financial statements, except for the classification of its financial assets and liabilities as described below:

From January 1, 2018, the Company classifies its financial assets and liabilities in the following measurement categories:

- a) Those to be measured subsequently at fair value through other comprehensive income (FVOCI),
- b) Those to be measured subsequently at fair value through profit or loss (FVPL),
- c) Those to be measured at amortized cost.

Previously under IAS 39

Financial assets and liabilities at FVPL
Cash and cash equivalents
Loans and receivables
Accounts receivable
Financial Liabilities at amortized cost
Accounts payable and accrued liabilities
Debenture payable

Since January 1, 2018 under IFRS 9

Financial assets and liabilities at FVPL
Cash and cash equivalents
Financial assets and liabilities at amortized cost
Accounts receivable
Accounts payable and accrued liabilities
Debenture payable

DeepMarket Corp.
Notes to the Condensed Consolidated Interim Financial Statements
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5. Property and equipment

The Company expended the following amounts on equipment during 2017 and the nine months ended September 30, 2018:

Cost	<u>Office equipment</u>
Balance, December 31, 2016	\$ 58,219
Additions	<u>3,923</u>
Balance, December 31, 2017	62,142
Disposals	<u>(13,476)</u>
Balance, September 30, 2018	<u>\$ 48,666</u>
Accumulated amortization	
Balance, December 31, 2016	\$ (23,044)
Amortization for the year	<u>(11,337)</u>
Balance, December 31, 2017	(34,381)
Disposals	10,528
Amortization for the period	<u>(5,583)</u>
Balance, September 30, 2018	<u>\$ (29,436)</u>
Net Book Value	
Balance, December 31, 2017	\$ 27,761
Balance, September 30, 2018	<u>\$ 19,230</u>

6. Debenture payable

During the fiscal year ended December 31, 2016, the Company entered into secured participating debenture financing (the "Participating Debentures") with various arm's length and non-arm's length investors. Under this financing, the debenture holders have advanced \$2,000,000 in long-term capital. The majority of the Debentures are owned by one director of the Company.

The Participating Debentures bear both basic and participating interest. Basic interest on the Participating Debentures accrues and is payable at the rate of twelve percent (12%) per annum calculated and paid quarterly. Participation interest will be calculated on the basis of twelve percent (12%) of gross promotion campaign sales, if any, and will be paid quarterly, one quarter in arrears. The Participating Debentures have a term of four (4) years and mature in July 2020.

The Participating debentures are secured by a fixed and floating first charge on all of the assets of the Company. As additional security, debenture holders have been granted a nonexclusive, unrestricted license to use the promotion platform software in the event of a default in payment of any amounts due under the Participating Debentures or in the event that the Company ceases, for any reason, to diligently pursue the promotion campaigns. The license will terminate on payment of all amounts owing under the Participating Debentures, in accordance with the provisions thereof.

In the event of default of any amounts, including interest and principal, or violation of any covenants under the debenture agreements, such as dissolution, liquidation or bankruptcy proceedings by the Company, the holders of the debentures can effect an accelerated maturity of the instruments whereby any and all amounts owing become due on demand. The Company is in compliance with all internal and external covenants as at September 30, 2018 and December 31, 2017.

DeepMarket Corp.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and nine months ended September 30, 2018****(Unaudited)****(Expressed in Canadian Dollars)**

7. Share capital**a) Authorized**

Unlimited number of common shares

Unlimited number of preferred shares, issuable in series

Issued and outstanding common shares:

	September 30, 2018		December 31, 2017	
	Number	Amount	Number	Amount
Balance, beginning of periods	88,777,733	\$ 12,245,804	62,777,733	\$ 9,788,090
Issued:				
On private placement	30,000,000	1,500,000	26,000,000	2,647,500
Shareholder loan - issuance	-	(200,000)	-	-
Stock options exercised	50,000	5,950	-	-
Share issue costs	-	(52,493)	-	(189,786)
Balance, end of periods	118,827,733	\$ 13,499,261	88,777,733	\$ 12,245,804

(i) 2018 transactions

On March 2, 2018, the Company closed a non-brokered private placement consisting of 30,000,000 units (each a "Unit") of the Company, at a subscription price of \$0.05 per Unit for gross proceeds of \$1,500,000. Each Unit consists of one common share and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.10 for a period of one year from the date of issuance of the Units. In order to allow certain employees to participate in this financing, the Company loaned an aggregate of \$200,000 to four employees - See Note 8. - Related party transactions.

The Company paid a finder's fee in connection with the private placement in the amount of \$43,580.

During the period ended September 30, 2018, 50,000 options were exercised at a price of \$0.08 per option. Stock options fair value in the amount of \$1,950 were transferred from contributed surplus to share capital upon exercise.

(ii) 2017 transactions

On June 26, 2017, the Company closed a non-brokered private placement consisting of 12,500,000 units (each a "Unit") of the Company, at a subscription price of \$0.12 per Unit for gross proceeds of \$1,500,000. Each Unit consists of one common share and 0.52 of a common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.15 for a period of one hundred and eighty days from the date of issuance of the Units.

The Company paid a finder's fee in connection with the private placement in the amount of \$150,000.

On January 31, 2017, the Company closed a non-brokered private placement consisting of 13,500,000 units (each a "Unit") of the Company, at a subscription price of \$0.085 per Unit for gross proceeds of \$1,147,500. Each Unit consists of one common share and one common share purchase warrant (each a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.15 for a period of one year from the date of issuance of the Units.

The Company paid a finder's fee in connection with the private placement in the amount of \$25,049.

DeepMarket Corp.
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7. Share capital, continued

b) Warrants

	September 30, 2018		December 31, 2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning of periods	22,816,667	\$ 0.19	31,733,629	\$ 0.15
Issued:				
On private placement	30,000,000	0.10	20,000,000	0.15
Expired	(22,816,667)	0.19	(28,916,962)	0.12
Balance, end of periods	30,000,000	\$ 0.10	22,816,667	\$ 0.19

As of September 30, 2018, the following warrants are outstanding:

Number	Exercise price	Expiry Date
30,000,000	\$ 0.10	March 2019

The weighted average remaining life span of the warrants is 0.42 years (December 31, 2017 - 0.17 years).

c) Stock option plan

The Company has an incentive stock option plan (the "Option Plan") which provides the Board of Directors of the Company from time-to-time, in its discretion and in accordance with the Exchange requirements, the authority to grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to five years from the date of grant. Options have been granted pursuant to the Option Plan which was last approved by the shareholders of the Company at a special meeting held on July 17, 2018.

DeepMarket Corp.
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7. Share capital, continued

(i) 2018 transactions

During the period ended September 30, 2018, the Company granted 4,100,000 options with an exercise price of \$0.07 to directors and certain employees of the Company. Of the total options granted, 3,387,500 vested immediately, the remaining 712,500 options vest in equal 25% increments over a period of one year. The options expire five years from the date of grant.

During the period ended September 30, 2018, the Company granted 250,000 options with an exercise price of \$0.08 to an employee of the Company. 1/5 of the options vested immediately and 1/5 of the options will vest on each anniversary and expire five years from the date of grant.

During the period ended September 30, 2018, 50,000 options were exercised, 400,000 options expired and 500,000 options were forfeited.

(ii) 2017 transactions

During 2017, the Company granted 500,000 options with an exercise price of \$0.14 to a consultant of the Company. The options vest in equal 25% increments over a period of four years and expire five years from the date of grant.

During 2017, the Company granted 200,000 options with exercise prices of \$0.15 to a consultant of the Company. The options vested immediately and expire two years from the date of grant.

During 2017, the Company granted 500,000 options with an exercise price of \$0.14 to an employee of the Company. The options vest in equal 25% increments over a period of four years and expire five years from the date of grant.

During 2017, the Company granted 500,000 options with an exercise price of \$0.15 to a director of the Company. The options vested immediately and expire five years from the date of grant.

During 2017, 208,000 options expired and 400,000 options were forfeited.

The following assumptions were used for valuing the options granted during the period ended September 30, 2018, using the Black-Scholes Option Pricing Model.

Risk-free interest rate	1.9%
Expected volatility	119% to 125%
Dividend yield	0%
Expected life of each option issued	5 years
Forfeiture rate	0%

Total stock-based compensation recognized during the three-month period ended September 30, 2018 is \$27,459 (2017 - \$20,213) and during the nine-month period ended September 30, 2018 is \$284,412 (2017 - \$137,371).

DeepMarkit Corp.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and nine months ended September 30, 2018****(Unaudited)****(Expressed in Canadian Dollars)**

7. Share capital, continued

Details as to the stock options outstanding are as follows:

	September 30, 2018		December 31, 2017	
	Number of	Weighted	Number of	Weighted
	options	average exercise	options	average exercise
		price		price
Balance, beginning of periods	5,900,000	\$ 0.15	4,808,000	\$ 0.15
Issued to directors, officers, employees and consultants	4,350,000	0.07	1,700,000	0.14
Exercised	(50,000)	0.08	-	-
Expired	(400,000)	0.19	(208,000)	0.08
Forfeitures	(500,000)	0.12	(400,000)	0.12
Balance, end of periods	9,300,000	\$ 0.11	5,900,000	\$ 0.15

As of September 30, 2018, the following options are outstanding:

	Number	Exercised price	Expiry Date
	200,000	\$ 0.150	April 2019
	1,000,000	\$ 0.075	February 2020
	1,200,000	\$ 0.200	June 2020
	300,000	\$ 0.210	December 2020
	1,000,000	\$ 0.150	July 2021
	500,000	\$ 0.150	January 2022
	500,000	\$ 0.140	April 2022
	500,000	\$ 0.140	July 2022
	<u>4,100,000</u>	\$ 0.070	April 2023
	<u>9,300,000</u>		

As of September 30, 2018, the weighted average remaining contractual life for options outstanding is 3.32 years (December 31, 2017 - 2.97 years).

As of September 30, 2018, 7,175,000 (December 31, 2017 - 3,200,000) options are fully exercisable and outstanding at a weighted average exercise price of \$0.11 (December 31, 2017 - \$0.17).

As of September 30, 2018, there was \$59,148 (December 31, 2017 - \$98,999) in unvested stock-based compensation expense that will be recorded over the remaining vesting period of the stock options.

d) Earnings (loss) per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period as follows:

	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Weighted average number of common shares outstanding	118,827,733	88,777,733

Options and warrants to purchase common shares were outstanding however they are anti-dilutive in nature.

DeepMarkit Corp.**Notes to the Condensed Consolidated Interim Financial Statements****For the three and nine months ended September 30, 2018****(Unaudited)****(Expressed in Canadian Dollars)**

8. Related party transactions

Included in wages and benefits, general and administrative, stock-based compensation, professional fees and finance costs are transactions with related parties. Related party transactions are disclosed below, unless they have been disclosed elsewhere in the condensed consolidated interim financial statements.

During the three and nine months ended September 30, 2018, the Company incurred \$71,833 and \$255,187 respectively for wages, benefits and consulting fees (2017 - \$47,500 and \$180,558 respectively), charged by directors, officers and key management personnel of the Company.

During the three and nine months ended September 30, 2018, included in expenses are options having a fair value of \$Nil and \$165,685 respectively (2017 - \$Nil and \$58,353 respectively), granted to directors of the Company.

During the three and nine months ended September 30, 2018, the Company incurred \$22,200 and \$66,600 respectively for rental fees (2017 - \$22,200 and \$66,600 respectively), paid to two companies in which a director and officer of the Company is the principal or a significant shareholder.

During the three and nine months ended September 30, 2018, the Company incurred \$7,500 and \$22,500 respectively for accounting fees (2017 - \$7,500 and \$22,500 respectively), paid to a company in which an officer of the Company is the principal shareholder.

At September 30, 2018, \$1,900,000 (December 31, 2017 - \$1,900,000) in debentures payable were owing to a director and officer and his family members. During the three and nine months ended September 30, 2018, the Company incurred \$57,412 and \$172,821 respectively (2017 - \$57,412 and \$166,248 respectively) for interest in respect of the debenture financing which is included in finance costs on the condensed consolidated interim statement of loss and comprehensive loss. See Note 6. - Debenture payable, for detailed information regarding the debentures.

During the nine months ended September 30, 2018 the Company loaned an aggregate of \$200,000 to four employees of the Company to allow them to participate in a private placement. Each of the four employees subscribed for one million Units with the loan proceeds. The loan balances are repayable on demand, non-interest bearing and are secured by the Units purchased by the employees. For the nine months ended September 30, 2018, the Company recognized share-based compensation expense of \$138,752 (2017- \$Nil).

Related party transactions are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. As of September 30, 2018, \$90,792 (December 31, 2017 - \$36,145) was due to related parties and included in accounts payable and accrued liabilities with respect to those transactions. The amounts are non-interest bearing, unsecured and have no specific terms of repayment.

DeepMarket Corp.
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9. Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing development and operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes debenture payable and shareholders' equity in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company (upon approval from its Board of Directors, as required) may issue additional capital primarily through equity financing. The Company has no externally imposed capital requirements.

The following table describes the Company's capital structure:

Capital Structure	September 30, 2018	December 31, 2017
Debenture payable	\$ 2,000,000	\$ 2,000,000
Shareholders' Equity (Deficiency)	(1,384,051)	(1,485,854)
Total	\$ 615,949	\$ 514,146

10. Financial instruments

As at September 30, 2018 and 2017, the Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and debenture payable. The amounts reflected in the condensed consolidated interim statement of financial position are carrying amounts. These financial instruments are classified as follows:

- Cash and cash equivalents – fair value through profit or loss
- Accounts receivable – financial assets at amortized cost
- Accounts payable and accrued liabilities – financial liabilities at amortized cost
- Debenture payable – financial liabilities at amortized cost

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents is exposed to credit risk, however the risk is deemed minimal as the counterparty is considered to be a low risk financial institution. Accounts Receivable consists of the amounts due from Canada Revenue Agency in relation to input tax credits arising as a result of the Goods and Services Tax (GST).

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10. Financial instruments, continued

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are exposed to interest rate risk as the Company invests cash and cash equivalents at floating rates of interest in highly liquid instruments. Fluctuations in interest rates impact the value of cash and cash equivalents. For the nine months ended September 30, 2018 and 2017, if interest rates had been 1% higher, total interest income received would have been higher by approximately \$6,300 and \$4,500 respectively on an annualized basis. If interest rate had been 1% lower, total interest income would have been lower by approximately \$6,300 and \$4,500 respectively on an annualized basis. Pursuant to the terms of the participating debentures, the Company is required to pay additional interest equal to 12% of the revenue generated on qualifying product sales, see Note 6. - Debenture payable.

c) Currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company minimizes its currency risk by maintaining the majority of its liquid assets in stable currencies, including Canadian and US currencies. The Company holds US dollars, a 10% change in the exchange rate between the Canadian dollar and the US Dollar would result in the Company incurring a gain or loss of \$300 (2017 - \$5,000).

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the financial statement date. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account cash and cash equivalents on hand.

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10. Financial instruments, continued

e) Fair value risk

The methods and assumptions used to develop fair value measurements for those financial instruments carried at fair value on the condensed consolidated interim statement of financial position have been prioritized into three levels of a fair value hierarchy included in IFRS 7. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities, level two includes inputs that are observable other than quoted prices included in level one and level three includes inputs that are not based on observable market data.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company's cash and cash equivalents are recorded using a Level one fair value measurement.

The accounts receivable and accounts payable and accrued liabilities carrying values approximate fair value due to the short-term nature of the financial instruments.

The fair value of the debenture payable is impacted by changes in market yields which can result in differences between the carrying value and the fair value of the instruments. The carrying value of the debenture payable as at September 30, 2018 is \$2,000,000 (December 31, 2017 - \$2,000,000). The fair value of the debenture payable is not disclosed as it cannot be measured reliably due to the fact that there is no open market for similar debentures, the majority of the balance is held by related parties and the participating interest component is dependent on future sales, which are not reliably predictable.

11. Change in non-cash working capital items

Changes in non-cash working capital, were comprised of the following:

	September 30, 2018	September 30, 2017
Accounts receivable	\$ 3,262	\$ 6,903
Prepaid expenses and deposits	(6,240)	(32,071)
Accounts payable and accrued liabilities	20,807	(9,026)
Net change	\$ 17,829	\$ (34,194)