

DeepMarkit Corp.

Consolidated Financial Statements
As at and for the six months ended June 30, 2022
(In Canadian dollars)



Crowe MacKay LLP

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Independent Auditor's Report

To the Shareholders of DeepMarkit Corp.

Opinion

We have audited the consolidated financial statements of DeepMarkit Corp. ("the Group"), which comprise the consolidated statements of financial position as at June 30, 2022 and December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have

performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Todd Freer.

Crowe MacKay LLP

**Chartered Professional Accountants
Calgary, Canada
October 28, 2022**

DeepMarket Corp.
Consolidated Statements of Financial Position
(In Canadian dollars)

As at	June 30 2022	December 31 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,949,104	\$ 501,472
Accounts receivable	169,513	24,473
Prepaid expenses	534,935	83,350
Total current assets	2,653,552	609,295
Equipment (Note 5)	4,999	5,881
Intangible assets (Note 6)	5,335,749	–
Deferred transaction costs (Note 4)	–	32,824
Total assets	\$ 7,994,300	\$ 648,000
Liabilities		
Accounts payable and accrued liabilities	\$ 453,134	\$ 336,778
CEBA loan (Note 7)	–	34,783
Total current liabilities	453,134	371,561
CEBA loan (Note 7)	37,279	–
Total liabilities	490,413	371,561
Shareholders' equity		
Share capital (Note 9)	32,799,296	21,567,598
Contributed surplus	4,240,210	2,035,728
Deficit	(29,535,619)	(23,326,887)
Total shareholders' equity	7,503,887	276,439
Total liabilities and shareholders' equity	\$ 7,994,300	\$ 648,000

Going concern (Note 1)
Subsequent events (Note 19)

Approved on behalf of the Board of Directors:

{Signed}

Steve Vanry, Director

{Signed}

Paul McKenzie, Director

DeepMarket Corp.
Consolidated Statements of Loss and Comprehensive Loss
(In Canadian dollars)

	For the six months ended June 30, 2022	For the year ended December 31, 2021
Revenue	\$ 509	\$ 3,007
Expenses		
Wages and benefits	110,080	175,523
General and administrative	1,471,295	85,108
Professional fees	420,221	51,996
Listing and filing fees	85,591	33,391
Share-based payments (Note 11)	1,986,632	–
Finance (Note 13)	(57)	236,523
Amortization (Note 5)	882	2,520
Foreign exchange	10,597	629
Impairment (Note 6)	2,124,000	–
Loss on debt conversion, net of forgiveness (Note 9)	–	4,182,044
Total expenses	6,209,241	4,767,734
Loss and comprehensive loss	\$ (6,208,732)	\$ (4,764,727)
Loss per share – basic and diluted (Note 12)	\$ (0.04)	\$ (0.19)

DeepMarkit Corp.
Consolidated Statements of Changes in Shareholders' Equity
(In Canadian dollars)

	For the six months ended June 30, 2022	For the year ended December 31, 2021
Share capital		
Balance, beginning of period	\$ 21,567,598	\$ 13,926,489
Unit private placements, net of issue costs (Note 9)	3,731,698	693,403
Acquisition of First Carbon Corp. (Note 4)	7,500,000	–
Debt conversion (Note 9)	–	6,947,706
Balance, end of period	32,799,296	21,567,598
Contributed surplus		
Balance, beginning of period	2,035,728	2,035,728
Warrants issued (Note 9)	217,850	–
Share-based payments (Note 11)	1,986,632	–
Balance, end of period	4,240,210	2,035,728
Deficit		
Balance, beginning of period	(23,326,887)	(18,562,160)
Loss for the period	(6,208,732)	(4,764,727)
Balance, end of period	(29,535,619)	(23,326,887)
Total shareholders' equity	\$ 7,503,887	\$ 276,439

DeepMarket Corp.
Consolidated Statements of Cash Flows
(In Canadian dollars)

	For the six months ended June 30, 2022	For the year ended December 31, 2021
Operating activities		
Loss for the period	\$ (6,208,732)	\$ (4,764,727)
Items not affecting cash:		
Amortization (Note 5)	882	2,520
Impairment (Note 6)	2,124,000	–
Share-based payments (Note 11)	1,986,632	–
Finance expense (Note 13)	2,496	(25,217)
Loss on debt conversion, net of forgiveness (Note 9)	–	4,182,044
Change in non-cash working capital:		
Accounts receivable	(135,958)	(17,394)
Prepaid expenses	(451,585)	(83,350)
Accounts payable and accrued liabilities	99,135	391,929
Net cash used in operating activities	(2,583,130)	(314,195)
Financing activities		
Proceeds from CEBA loan (Note 7)	–	60,000
Private placement proceeds, net of issue costs (Note 9)	3,949,548	693,403
Deferred transaction costs (Note 4)	–	(32,824)
Net cash provided by financing activities	3,949,548	720,579
Investing activities		
Acquisition transaction costs (Note 4)	(32,773)	–
Cash acquired (Note 4)	426,687	–
Intangible asset expenditures (Note 6)	(312,700)	–
Net cash provided by investing activities	81,214	–
Change in cash and cash equivalents	1,447,632	406,384
Cash and cash equivalents, beginning of period	501,472	95,088
Cash and cash equivalents, end of period	\$ 1,949,104	\$ 501,472
Cash and cash equivalents are comprised of:		
Cash	\$ 1,929,104	\$ 481,472
Redeemable term deposit	20,000	20,000
	\$ 1,949,104	\$ 501,472

DeepMarkit Corp.
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2022 and the year ended December 31, 2021
(In Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

DeepMarkit Corp. (the “Company” or “DeepMarkit”) was incorporated in Canada under the Business Corporations Act (Alberta) on November 20, 2007 under the name Challenger Deep Resources Corp. The Company changed its name to DeepMarkit Corp. on October 30, 2015. The Company is a Technology Issuer whose shares trade on the TSX Venture Exchange under the symbol “MKT.V”, on the OTCQB Venture Market under the symbol “MKTDF” and the Frankfurt Stock Exchange under the symbol “DEP”. To date, the Company has not generated significant revenues from operations. The Company’s registered office of record is Suite 202, 615 – 15th Avenue S.W., Calgary, Alberta, Canada, T2R 0R4.

DeepMarkit changed its financial year-end from December 31 to June 30 and the transition period is the six months ended June 30, 2022. The comparative period is the fiscal year ended December 31, 2021.

The Company acquired First Carbon Corp. on February 18, 2022 (Note 4).

On May 5, 2022, the Company’s shareholders approved the split of the Company’s shares on the basis of one pre-split common share to four post-split common shares. The share split has been retroactively applied throughout these consolidated financial statements.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has not achieved profitable operations since its inception and to date has had limited sources of revenue. As at June 30, 2022, the Company had an accumulated deficit of \$29,535,619 (December 31, 2021 – \$23,326,887) and working capital of \$2,200,418 (December 31, 2021 – \$237,734). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. The factors above give rise to a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern.

While Management believes the Company has sufficient cash resources to discharge its obligations in the normal course of operations for the short-term, future operations will continue to be dependent upon successful development of the Company’s business plan, 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 consolidated financial statements.

While the Company has been successful to date in obtaining financing, there is no assurance that it will be able to do so in the future or that such financing will be on terms acceptable to the Company. Global events, such as the COVID-19 pandemic and the war in Ukraine, have created uncertainties resulting in significant market volatility and a general restriction on the access to capital. There is significant risk that additional debt and equity financing may not be attainable, in which event, the Company would not be able to continue its business operations. These factors give rise to material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the reported revenues and expenses and their classifications. Such adjustments, if required, could be material.

DeepMarkit Corp.
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For the six months ended June 30, 2022 and the year ended December 31, 2021
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2. BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee in effect as of January 1, 2022.

These consolidated financial statements were authorized for issue by the Board of Directors on October 28, 2022.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the following entities:

<u>Name</u>	<u>Place of Business</u>	<u>Ownership</u>
DeepMarkit Corp. (“DeepMarkit”)	Canada	Parent company
DeepMarkit Digital Corp. (“Digital”)	Canada (inactive)	100% owned subsidiary of DeepMarkit
First Carbon Corp. (“First Carbon”)	Canada	100% owned subsidiary of DeepMarkit

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared in accordance with IFRS on a historical cost basis except for financial instruments which are measured at fair value as explained in the accounting policies.

(d) Functional and presentation currency

The functional currency of DeepMarkit and its wholly-owned subsidiaries is the Canadian dollar (“CAD”). The presentation currency of the Company is CAD.

(e) Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant estimates and underlying assumptions about the future made by management that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

DeepMarkit Corp.
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For the six months ended June 30, 2022 and the year ended December 31, 2021
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(i) Going concern

The going concern assessment requires management's judgment on the ability of the Company to achieve positive cash flow from operating activities and/or obtain necessary equity or other financing to execute the Company's business plan.

(ii) Business combinations

The assessment of a business combination to determine if the transaction meets the recognition criteria of a business combination or an asset acquisition. This assessment requires management to make judgements about whether the assets acquired constitute a business or are an asset or group of assets that represent a single identifiable asset. In an asset acquisition, the consideration paid, which includes associated transaction costs, is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(iii) Impairment of non-financial assets

Long-lived assets or finite life intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is estimated using the higher of the fair value less costs to sell and value-in-use approaches as determined through the use of various valuation methods, which include cash flow projections, income approach and enterprise valuation models. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior years. In the process of measuring recoverable amounts, management makes assumptions about future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets in subsequent financial years.

(iv) Stock options and warrants

The fair value of stock options granted is recognized using the Black-Scholes pricing model. The fair value of common share warrants is measured on the date of issuance using a pricing model, such as Black-Scholes, that takes into account the terms and conditions upon which the warrants were issued. Measurement inputs include the Company's share price on the measurement date, the exercise price of the stock options/warrants, the expected volatility of the Company's shares, the expected life of the stock options/warrants and the risk-free rate of return. The Company estimates volatility based on historical volatilities of publicly-traded peer companies. The expected life of stock options/warrants is based on historical experience and estimates of the holder's behavior. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. For the fair value of stock options, management also makes an estimate of the number of stock options that may be forfeited, and the rate is adjusted to reflect the actual number of stock options that actually vest.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Non-monetary transactions

Non-monetary transactions are valued at the fair value of the asset or liability acquired. If the fair value of the asset or liability acquired cannot be accurately measured the fair value of the asset or liability given up is used.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash and term deposits at banking institutions with original maturities of less than three months.

DeepMarket Corp.
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(c) Equipment

Equipment is stated in the consolidated statement of financial position at cost less accumulated amortization and impairment losses. Amortization is charged so as to write-off the cost of equipment, over their estimated useful lives, using the declining balance method at a rate of 30% per year. Amortization is charged once an asset is determined to be available for use. The estimated useful lives, residual values and amortization method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal of equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(d) Intangible assets

Intangible assets consist of acquired development intellectual property. Intangible assets are accounted for at cost less accumulated amortization and impairment losses. Intellectual property has a finite useful life and is carried at cost less accumulated amortization and accumulated impairment losses. Intellectual property will be amortized on straight-line basis over the estimated useful life commencing in the period the Company completes development and puts the related asset to use.

(e) Research and development costs

The Company incurs costs on activities that relate to research and development. Research and development costs are expensed, except where development costs meet certain identifiable criteria for capitalization, including technical and economic feasibility. Development costs are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Deferred development costs are amortized over the life the estimated useful life.

(f) Impairment of non-financial assets

Long-lived assets or finite life intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value-in-use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate but is limited to the carrying amount that would have been determined if no impairment loss had been recognized in prior years. In the process of measuring expected future cash flows, management makes assumptions about future growth of profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets in subsequent financial years.

(g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company did not recognize any provisions as at or for the six months ended June 30, 2022 and year ended December 31, 2021.

(h) Share capital

Common shares are classified as equity. The Company may issue common share warrants as part of a unit issuance comprised of a common share and common share warrant or as broker compensation warrants, which are treated as a share issue cost. Warrants are classified as equity

DeepMarkit Corp.
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2022 and the year ended December 31, 2021
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instruments. Consideration received on the sale of a unit is allocated, within equity, to the respective instruments based on fair values using the residual value method whereby fair value is assigned to the more readily determinable instrument, being the common share, with the remaining allocated to the warrant. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

(i) Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares to the extent that that are not antidilutive.

(j) Share-based payments

Share-based payments are comprised of stock option awards granted to employees, directors and others which are equity-settled share-based payments.

These equity-settled share-based payments are measured at the fair value of the equity instruments and are recognized as an employee expense with the offsetting credit as an increase to contributed surplus.

Upon exercise of the stock option, the Company issues new shares. The associated fair value amount is reclassified from the contributed surplus to share capital. The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised. Where equity instruments are granted to non-employees they are recorded at the fair value of the goods or services received. Where the fair value of goods or services received cannot be reliably measured it is measured based on the fair value of the equity instrument granted.

(k) Financial instruments

The Company measures its financial assets and liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification, which in the case of financial assets, is determined by the context of the Company's business model and contractual cash flow characteristic of the financial asset.

Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL").

Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL, or designated as FVTPL, where any change in fair value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI").

The Company classifies its cash and cash equivalents at FVTPL. The Company classifies its accounts receivable, accounts payable and accrued liabilities and CEBA loan at amortized cost. The contractual cash flows received from the financial assets are solely the payment of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method. The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term of maturity.

The Company does not currently have any risk management contracts. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with changes in fair value charged immediately to the statement of loss and comprehensive loss.

(l) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence

DeepMarket Corp.
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that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of financial asset have been affected. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected as an allowance against the related financial instrument. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(m) Taxes

Tax expense or recovery on the income or loss for the period is comprised of current and deferred tax. Taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill, not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized.

(n) Revenue recognition

The Company currently generates revenues from monthly subscriptions for game-based marketing software. Revenue associated with these subscriptions is measured based on the consideration specified in contracts with customers. Revenue is recognized when control is transferred from the Company to its customers. The transfer of control of software usage coincides with the right-to-use passing to the customer. The Company has no further performance obligations with respect to the revenue recognized during the period. All of the Company's revenues have been generated through sales channels.

(o) Finance income and expenses

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Finance expenses comprise interest expense on debentures, the benefit of the CEBA loan and accretion of the CEBA loan.

(p) Government assistance

The Company may receive compensation from government-funded assistance. When the assistance relates to an expense item, it is recognized as other income over the period necessary to match the amount to the costs that it is intended to compensate. When the assistance relates to an amount to be repaid, it is recognized as debt in accordance with the terms of the assistance. Amounts are recognized when the grant is received, or when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

(q) Foreign currencies

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the

DeepMarkit Corp.
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date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in the consolidated statement of loss and comprehensive loss in the period in which they arise.

The financial results of operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange at the reporting date. Differences arising on translation are recognized as other comprehensive income (loss).

(r) Transaction costs

Transaction costs incurred are deferred until such time as the transaction is completed or abandoned and subsequently recognized in profit or loss in the period such determination is made.

(s) Amendments to standards not yet adopted

Amendments to IAS 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. Further amendments require that companies disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 Income Taxes

Effective January 1, 2023, amendments to IAS 12 relate to deferred tax assets and liabilities arising from a single transaction and clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The above amendments are not expected to have a material impact on the Company’s consolidated financial statements.

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4. ACQUISITION OF FIRST CARBON CORP.

On February 18, 2022, the Company acquired all 39,474,999 First Carbon common shares (the "Acquisition") in exchange for 15,000,000 (60,000,000 post-split) common shares of the Company issued to First Carbon shareholders. The fair value the Company's common shares on February 18, 2022 was \$0.50 (\$0.13 post-split) per common share based on the unit private placement completed on the same day (Note 9(c)), resulting in a value of consideration of \$7,500,000.

The Company met the optional concentration of fair value test under IFRS 3 Business Combinations as substantially all of the fair value of the gross assets acquired (excluding cash and cash equivalents) is concentrated in an intellectual property intangible asset. As a result, the Company accounted for the Acquisition as an asset acquisition as summarized below:

	Previously Reported	Revision	Revised
Consideration:			
Value of common shares	\$ 4,800,000	\$ 2,700,000	\$ 7,500,000
Acquisition transaction costs	65,597	–	65,597
	\$ 4,865,597	\$ 2,700,000	\$ 7,565,597
Value of net assets:			
Cash	\$ 426,687	\$ –	\$ 426,687
Accounts receivable	9,082	–	9,082
Intangible assets (Note 6)	4,447,049	2,700,000	7,147,049
Accounts payable and accrued liabilities	(17,221)	–	(17,221)
	\$ 4,865,597	\$ 2,700,000	\$ 7,565,597

The revision relates to the fair value of the Company's common shares on February 18, 2022 which was originally allocated between the common share and warrant portions of the unit. The allocation has been revised such that the full unit price is allocated to the common share portion.

First Carbon shareholders holding 2,849,905 (11,699,620 post-split) common shares of the Company issued in connection with the Acquisition have delivered lock-up agreements to the Company in which they have agreed not to trade such shares prior to October 15, 2022. All of the common shares issued in connection with the Acquisition are subject to a four-month hold period required under applicable securities laws and the policies of the TSX Venture Exchange.

5. EQUIPMENT

Cost	
Balance, December 31, 2020 and 2021 and June 30, 2022	\$ 47,858
Accumulated amortization	
Balance, December 31, 2020	\$ 39,457
Amortization	2,520
Balance, December 31, 2021	41,977
Amortization	882
Balance, June 30, 2022	\$ 42,859
Net carrying amount	
As at December 31, 2021	\$ 5,881
As at June 30, 2022	\$ 4,999

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6. INTANGIBLE ASSETS

Balance, December 31, 2020 and 2021	\$	–
Acquired (Note 4)		7,147,049
Additions		312,700
Impairment		(2,124,000)
<hr/>		
Balance, June 30, 2022	\$	5,335,749

Intangible assets are comprised of the MintCarbon.io platform (the “Platform”), a web-based software as a service platform that facilitates the minting of carbon credits into non-fungible tokens. Amortization will commence in the period the Company completes development and launches the Platform for commercial use.

On June 30, 2022, the Company identified indicators of impairment in relation to intangible assets such as a decrease in the Company’s enterprise value ⁽¹⁾, and performed an impairment test. Management estimated the recoverable amount of intangible assets based on the Company’s enterprise value, representing an estimate of fair value less costs to sell. As at June 30, 2022, the carrying amount was determined to be higher than the recoverable amount resulting in the recognition of \$2,124,000 of impairment.

⁽¹⁾ Enterprise value is computed as the market capitalization of the Company on June 30, 2022 (number of common shares outstanding multiplied by the market price of the Company’s shares on June 30, 2022) plus total liabilities less cash and cash equivalents.

7. CEBA LOAN

The Company received a \$60,000 CEBA loan from the Canadian federal government in 2021 as a business support measure for COVID-19. The CEBA loan may be repaid at any time without notice or the payment of any penalty. In January 2022, the Canadian federal government extended the loan forgiveness deadline from December 31, 2022 to December 31, 2023. If 75% (\$40,000) of the CEBA loan is repaid on or before December 31, 2023, the remaining 25% (\$20,000) of the CEBA loan will be forgiven.

Amortized cost, December 31, 2020	\$	–
Proceeds		60,000
Forgivable portion		(20,000)
Interest-free discount		(9,615)
Accretion		4,398
<hr/>		
Amortized cost, December 31, 2021	\$	34,783
Accretion		2,496
<hr/>		
Amortized cost, June 30, 2022	\$	37,279

8. DEBENTURES

Debentures in the principal amount of \$2,000,000 (the “Debentures”) were originally issued by the Company in 2016 and bore both basic and participating interest. Basic interest on the Debentures accrued at the rate of 12% per annum calculated and paid quarterly. Participation interest was to be calculated on the basis of 12% of gross promotion campaign sales, if any, and paid quarterly, one quarter in arrears. The Debentures had a term of four years and matured in July 2020.

The Debentures were secured by a fixed and floating first charge on all of the assets of the Company. As additional security, debenture holders were 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 Debentures or in the event that the Company ceases, for any reason, to diligently pursue the promotion campaigns. The license, if granted, terminated on payment of all amounts owing under the Debentures, in accordance with the provisions thereof.

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In the event of default of any amounts, including accrued interest and principal, or violation of any covenants under the debenture agreements, such as dissolution, liquidation or bankruptcy proceedings by the Company, the debenture holders were able to effect an accelerated maturity of the instruments whereby any and all amounts owing become due on demand. The Company was in default when it did not pay basic interest that became due beginning on June 28, 2019 and was unable to repay the \$2,000,000 principal amount and \$726,672 of accrued interest.

On September 14, 2021, 1323552 B.C. Ltd., a private company controlled by Ranjeet Sundher, a director and founder of the Company, acquired all of the Debentures from another director of the Company and his family and other holders, at par value.

On November 8, 2021, the Company completed a debt conversion (Note 9(b)) which included the issuance of 13,170,731 (52,682,924 post-split) common shares upon the conversion of the \$2,000,000 principal amount of Debentures plus \$700,000 of accrued interest. In connection with the debt conversion, \$26,672 of accrued interest was forgiven.

9. SHARE CAPITAL

All equity instruments are presented on a post-split basis.

Authorized: Unlimited number of common shares
 Unlimited number of preferred shares, issuable in series

Issued: Common shares

	Number of common shares		Amount
Balance, December 31, 2020	14,196,772	\$	13,926,489
Unit private placements (a)	14,634,148		750,000
Share issue costs (a)	–		(56,597)
Debt conversion (b)	53,443,896		6,947,706
Balance, December 31, 2021	82,274,816	\$	21,567,598
Acquisition of FCC (Note 4)	60,000,000		7,500,000
Unit private placements (c) (d)	27,140,000		4,250,000
Compensation shares (e)	448,000		56,000
Share issue costs (e)	–		(574,302)
Balance, June 30, 2022	169,862,816	\$	32,799,296

(a) On September 29, 2021, the Company closed the first tranche of a private placement of 3,414,635 (13,658,540 post-split) units at a price of \$0.205 (\$0.05 post-split) per unit for gross proceeds of \$700,000 and on October 18, 2021, the Company closed the second tranche of a private placement of 243,902 (975,608 post-split) units at a price of \$0.205 (\$0.05 post-split) per unit for gross proceeds of \$50,000.

Each unit is comprised of consists of one common share and one common share purchase warrant exercisable at a price of \$0.75 (\$0.19 post-split) per share for a period of two years from the date of issuance.

In connection with the private placements, the Company paid cash commissions to qualified non-related parties in the aggregate amount of \$56,597.

(b) On November 8, 2021, issued an aggregate of 13,360,974 (53,433,896 post-split) common shares pursuant to the conversion of debt and accrued interest (the “Debt Conversion”) in the aggregate amount of \$2,739,000 at an issue price of \$0.205 (\$0.05 post-split) per share.

The Debt Conversion comprised two components:

- conversion of the Company's Debentures in the principal amount of \$2,000,000 plus \$700,000 of accrued interest due to into 13,170,731 (52,682,924 post-split) common shares issued to 1323552

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B.C. Ltd. (Note 7); and

- conversion of \$39,000 of accrued and unpaid management fees into 190,243 (760,972 post-split) common shares issued to Ranjeet Sundher, a director and founder of the Company.

The conversion occurred on November 8, 2021 when the market price of the Company's shares was \$0.52 (\$0.13 post-split) per common share which resulted in a loss on debt conversion of \$4,182,044, net of the forgiveness of \$26,672 of accrued interest.

The Company obtained disinterested shareholder approval for the Debt Conversion at its annual and general meeting of shareholders held on October 29, 2021, including approval for the Debt Conversion as a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") and Policy 5.9 of the TSX Venture Exchange (the "Exchange"), approval of 1323552 B.C. Ltd. as a Control Person of the Company (as defined in the policies of the Exchange), and approval to convert the full amount of the management fees owing to Mr. Sundher, as required under Exchange policies.

- (c) On February 18, 2022, the Company completed the private placement of 4,335,000 (17,340,000 post-split) units at a price of \$0.50 (\$0.13 post-split) per unit for gross proceeds of \$2,167,500. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of \$1.25 (\$0.31 post-split) per share for a period of three years from the date of issuance.
- (d) On March 14, 2022, the Company completed the private placement of 2,450,000 (9,800,000 post-split) units at a price of \$0.85 (\$0.21 post-split) per unit for gross proceeds of \$2,082,500. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of \$1.50 (\$0.38 post-split) per share for a period of two years from the date of issuance.
- (e) In connection with the private placements, the Company paid cash commissions to qualified non-related parties in the aggregate amount of \$200,025, issued 112,000 (448,000 post-split) compensation common shares, issued 250,250 (1,001,000 post-split) compensation warrants exercisable at a price of \$0.50 (\$0.13 post-split) per share for a period of three years from the date of issuance, issued 171,500 (686,000 post-split) compensation warrants exercisable at a price of \$0.85 (\$0.21 post-split) per share for a period of two years from the date of issuance and incurred \$100,427 of other cash issuance costs.

The issue date fair value of the compensation common shares was estimated to be \$56,000 based on the \$0.50 (\$0.13 post-split) (Note 9(c)) unit private placement price. The aggregate issue date fair value of the compensation warrants was estimated to be \$217,850 using the Black-Scholes pricing model based on the following assumptions:

Expected volatility ⁽¹⁾	135%	Expected dividend yield	0%
Expected life	2 – 3 years	Risk-free interest rate	1.57% – 1.77%

⁽¹⁾ Expected volatility is based on historical volatilities of publicly-traded peer companies.

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10. WARRANTS

A continuity of warrants and information as at June 30, 2022 is as follows:

	Number of warrants	Weighted average exercise price	Weighted average life remaining (years) at June 30, 2022
Balance, December 31, 2020	–	\$ –	–
Issued (Note 9(a))	14,634,148	0.19	1.25
Balance, December 31, 2021	14,634,148	0.19	1.25
Issued (Note 9(c))	17,340,000	0.31	2.64
Issued (Note 9(e))	1,001,000	0.13	2.64
Issued (Note 9(d))	9,800,000	0.38	1.71
Issued (Note 9(e))	686,000	0.21	1.71
Balance, June 30, 2022	43,461,148	\$ 0.28	1.95

11. STOCK OPTIONS

The Company has an incentive stock option plan (the “Option Plan”) which provides the Board of Directors of the Company, 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.

During the six months ended June 30, 2022, the Company granted 4,000,000 (16,000,000 post-split) stock options exercisable at \$0.85 (\$0.2125 post-split) per share for a period of two years from the date of grant, of which 3,500,000 (14,000,000 post-split) stock options vested on the grant date and 500,000 (2,000,000 post-split) stock options vest 25% every three months from the grant date.

The grant date fair value of the stock options was estimated to be \$2,095,000 using the Black-Scholes pricing model based on the following assumptions:

Expected volatility ⁽¹⁾	135%	Expected dividend yield	0%
Expected life	2 years	Risk-free interest rate	1.46% – 2.31%
Estimated forfeiture rate	7%		

⁽¹⁾ Expected volatility is based on historical volatilities of publicly-traded peer companies.

During the six months ended June 30, 2022, the Company recognized \$1,986,632 (year ended December 31, 2021 – \$nil), respectively of share-based payments expense. The remaining unrecognized fair value at June 30, 2022 is \$108,368.

A continuity of stock options and information as at June 30, 2022 is as follows:

	Number of stock options	Weighted average exercise price	Weighted average life remaining (years) at June 30, 2022	Number exercisable at June 30, 2022
Balance, December 31, 2020 and 2021	–	\$ –	–	–
Issued	16,000,000	0.2125	1.69	14,500,000
Balance, June 30, 2022	16,000,000	\$ 0.2125	1.69	14,500,000

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12. PER SHARE AMOUNTS

	Six months ended June 30, 2022	Year ended December 31, 2021
Loss for the period	\$ (6,208,732)	\$ (4,764,272)
Basic and diluted ⁽¹⁾ weighted average number of shares	144,851,700	25,635,033
Loss per share – basic and diluted	\$ (0.04)	\$ (0.19)

⁽¹⁾ All warrants and stock options have been excluded from the diluted per share amounts as their effect is anti-dilutive in loss periods.

13. FINANCE (INCOME) EXPENSE

	Six months ended June 30, 2022	Year ended December 31, 2021
Benefit of CEBA loan (Note 7)	\$ –	\$ (29,615)
Accretion of CEBA loan (Note 7)	2,496	4,398
Interest on debentures (Note 8)	–	262,166
Interest income	(2,553)	(426)
	\$ (57)	\$ 236,523

During the six months ended June 30, 2022, the Company paid \$nil (year ended December 31, 2021 – \$nil) of interest.

14. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

	Six months ended June 30, 2022	Year ended December 31, 2021
Charged by officers and directors of the Company (a)		
Wages and benefits	\$ 50,000	\$ 100,000
Consulting fees	70,000	20,000
Professional fees	20,046	20,004
Share-based payments	262,137	–
	\$ 402,183	140,004
Charged by a company owned by a director of the Company (b)		
Rent	\$ 12,000	\$ 25,500
\$2,000,000 of debentures held by 1323552 B.C. Ltd. (Note 8)		
Interest expense	\$ –	\$ 262,166

(a) The Company considers its key management personnel to consist of its officers and directors. The Company's directors and officers participate in the Company's stock option plan. As at June 30, 2022 key management personnel included 7 individuals (December 31, 2021 – 6 individuals). As at June 30, 2022, accounts payable and accrued liabilities included \$303,734 (December 31, 2021 – \$255,834) in respect of key management compensation.

(b) As at June 30, 2022, accounts payable and accrued liabilities included \$nil (December 31, 2021 – \$15,000) due to this related party.

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15. TAXES

The following table reconciles the expected tax recovery at the statutory tax rate to the expense in the statement of loss and comprehensive loss:

	Six months ended June 30, 2022	Year ended December 31, 2021
Loss before taxes	\$ (6,208,732)	\$ (4,764,272)
Statutory tax rate	23%	23%
Expected tax recovery	(1,428,000)	(1,096,000)
Non-deductible items	904,000	-
Non-taxable component of capital loss	-	348,000
Change in enacted tax rates	-	149,000
Other	(372,000)	-
Tax benefit not recognized	896,000	599,000
Tax expense	\$ -	\$ -

Details of deferred tax assets (liabilities) are as follows:

	June 30, 2022	December 31, 2021
As at		
Non-capital and capital tax loss carryforwards	\$ 4,953,000	\$ 4,059,000
Property and equipment and intangible assets	(37,000)	38,000
Reserves	70,000	59,000
Share issue costs	83,000	17,000
	5,069,000	4,173,000
Accumulated tax benefits not recognized	(5,069,000)	(4,173,000)
	\$ -	\$ -

Details of unrecognized deductible temporary differences are as follows:

	June 30, 2022	December 31, 2021
As at		
Property and equipment and intangible assets	\$ 153,000	\$ 161,000
Share issue costs	361,000	73,000
Reserves	306,000	256,000
Capital losses	6,998,000	6,998,000
Non-capital losses	17,671,000	14,899,000
	\$ 25,539,000	\$ 22,387,000

The Company has approximately \$17,721,000 of non-capital losses available for carry-forward against taxable income which will begin to expire in 2028 and \$6,998,000 of capital losses available for carry-forward against capital gains which do not expire.

16. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and the CEBA loan. Accounts receivable, accounts payable and accrued liabilities and the CEBA loan are reported at amortized cost. With the exception of the CEBA loan (Note 7), the fair values of the Company's financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following

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levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities. Cash and cash equivalents are Level 1 financial instruments.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The CEBA loan is a Level 2 financial instrument.
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company is exposed to the following risks as at June 30, 2022:

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and accounts receivable.

All the Company's cash and cash equivalents are held at a financial institution which is a Canadian Chartered Bank. Management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk.

The Company's accounts receivable consists of Goods and Services Tax, the balance of which is typically collected within 30 to 60 days of the statement of financial position date.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company does not hold any cash in fixed rate or variable rate term deposits. The Company is not exposed to any interest rate risk on its accounts payable and accrued liabilities or the shareholder loan. There is currently no interest rate risk on the CEBA loan as it is interest free until December 31, 2023.

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 United States dollars ("USD"); a 10% change in the exchange rate between CAD and USD would result in the Company incurring a gain or loss at June 30, 2022 of approximately \$32,500 (December 31, 2021 – nominal amount).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. As at June 30, 2022, the Company's financial liabilities consist of accounts payable and accrued liabilities and the CEBA loan which can be settled through the cash and cash equivalents balance of \$1,949,104. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

The timing of cash outflows relating to the Company's financial liabilities as at June 30, 2022 are as follows:

	Carrying amount	Contractual cash flows	Due within 1 year	Due within 2 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	453,134	453,134	453,134	–
CEBA loan (Note 7)	37,279	40,000	–	40,000
	490,413	493,134	453,134	40,000

17. 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 the CEBA loan 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.

18. COMMITMENTS

The Company has entered into contracts with third parties to provide marketing and investor relation services with an aggregate commitment for the ensuing fiscal year of \$43,000 as at June 30, 2022.

19. SUBSEQUENT EVENTS

- (a) On August 19, 2022, the Company granted an aggregate of 15,800,000 restricted share units ("RSUs") to directors, officers, employees and consultants in accordance with the Company's equity compensation incentive plan and as compensation for ongoing services rendered to the Company. Each RSU, once vested, will allow the holder to acquire one common share of the Company. The RSUs vest on August 19, 2023, subject to earlier vesting in the event of a change of control and subject to the policies of the Exchange and expire on August 19, 2027.
- (b) On August 19, 2022, the Company cancelled 1,020,000 stock options exercisable at \$0.2125 per common share.
- (c) On October 4, 2022, the Company amended the exercise price of 14,980,000 stock options expiring on March 8, 2024 from \$0.2125 per common share to \$0.15 per common share.