

DeepMarkit Corp.

**Condensed Interim Consolidated Financial Statements
As at and for the three months ended September 30, 2023
(Unaudited)
(In Canadian dollars)**

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three months ended September 30, 2023.

DeepMarkit Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(In Canadian dollars)

As at	September 30		June 30	
	2023		2023	
Assets				
Current assets				
Cash and cash equivalents	\$	51,780	\$	88,944
Harmonized tax receivable		8,456		53,828
Prepaid expenses		28,205		13,107
Total current assets		88,441		155,879
Equipment		2,085		2,254
Total assets	\$	90,526	\$	158,133
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	\$	535,876	\$	480,533
CEBA loan (Note 8)		40,000		40,000
Total liabilities		575,876		520,533
Shareholders' deficit				
Share capital		32,799,296		32,799,296
Contributed surplus		6,108,438		5,870,356
Deficit		(39,393,084)		(39,032,052)
Total shareholders' deficit		(485,350)		(362,400)
Total liabilities and shareholders' deficit	\$	90,526	\$	158,133

Going concern (Note 1)
Subsequent event (Note 9)

Approved on behalf of the Board of Directors:

{Signed}

Steve Vanry, Director

{Signed}

Paul McKenzie, Director

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

For the three months ended September 30	2023		2022	
Expenses				
Wages and benefits	\$	24,484	\$	25,100
General and administrative		76,982		943,785
Professional fees		14,370		115,399
Listing and filing fees		7,101		10,539
Share-based payments (Note 4)		238,082		263,590
Amortization		169		375
Finance (income) expense (Note 5)		(73)		(2,394)
Foreign exchange		(83)		(5,574)
Total expenses		361,032		1,350,820
Loss and comprehensive loss	\$	(361,032)	\$	(1,350,820)
Loss per share – basic and diluted (Note 6)	\$	(0.09)	\$	(0.32)

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

For the three months ended September 30	2023	2022
Share capital (4,246,571 common shares issued and outstanding)		
Balance, beginning and end of period	\$ 32,799,296	\$ 32,799,296
Contributed surplus		
Balance, beginning of period	5,870,356	4,240,210
Share-based payments (Note 4)	238,082	263,590
Balance, end of period	6,108,438	4,503,800
Deficit		
Balance, beginning of period	(39,032,052)	(29,535,619)
Loss for the period	(361,032)	(1,350,820)
Balance, end of period	(39,393,084)	(30,886,439)
Total shareholders' equity (deficit)	\$ (485,350)	\$ 6,416,657

DeepMarkit Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(In Canadian dollars)

For the three months ended September 30	2023		2022	
Operating activities				
Loss for the period	\$	(361,032)	\$	(1,350,820)
Items not affecting cash:				
Amortization		169		375
Share-based payments (Note 4)		238,082		263,590
Finance expense (Note 5)		–		1,336
Change in non-cash working capital:				
Accounts receivable		45,372		(43,399)
Prepaid expenses		(15,098)		456,402
Accounts payable and accrued liabilities		55,343		(24,005)
Net cash used in operating activities		(37,164)		(696,521)
Investing activities				
Intangible asset expenditures		–		(197,500)
Net cash provided by investing activities		–		(197,500)
Change in cash and cash equivalents		(37,164)		(894,021)
Cash and cash equivalents, beginning of period		88,944		1,949,104
Cash and cash equivalents, end of period	\$	51,780	\$	1,055,083
Cash and cash equivalents are comprised of:				
Cash	\$	31,780	\$	1,035,083
Redeemable term deposit		20,000		20,000
	\$	51,780	\$	1,055,083

DeepMarkit Corp.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended September 30, 2023
(Unaudited)
(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.

These unaudited condensed interim 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 September 30, 2023, the Company had an accumulated deficit of \$39,393,084 (June 30, 2023 – \$39,032,052) and a \$487,435 working capital deficit (June 30, 2023 – \$364,654). 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 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 unaudited condensed interim 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 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. In October 2023, the Company completed a private placement for aggregate gross proceeds of \$95,000 (Note 9).

These unaudited condensed interim 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.

2. BASIS OF PRESENTATION

These unaudited condensed interim 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
DeepMarkit AI Corp.	Canada	100% owned subsidiary of DeepMarkit

The unaudited condensed interim 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, applicable to the preparation of interim financial statements

DeepMarkit Corp.
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(In Canadian dollars)

as set out in International Accounting Standard 34 Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the June 30, 2023 audited consolidated financial statements and notes thereto. The Company has consistently applied the same accounting policies throughout all periods presented.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 24, 2023.

3. WARRANTS

As at June 30, 2023, the Company had 1,086,529 warrants outstanding, of which 341,464 expired in September 2023. As at September 30, 2023, the Company had 745,065 warrants outstanding and exercisable as follows:

Weighted average exercise price	Number of warrants	Weighted average life remaining (years)
\$ 5.00	25,025	1.39
7.50	24,390	0.05
8.50	17,150	0.45
12.50	433,500	1.39
15.00	245,000	0.45
\$12.81	745,065	1.02

4. STOCK OPTIONS AND RESTRICTED SHARE UNITS

(a) Stock options

As at June 30, 2023 and September 30, 2023, the Company had a total of 374,500 stock options outstanding and exercisable at \$6.00 per common share, of which 364,500 expire on March 8, 2024 and 10,000 expire on March 30, 2024.

(b) Restricted share units ("RSUs")

As at June 30, 2023 and September 30, 2023, the Company had 395,000 RSUs outstanding. The RSUs vested on August 19, 2023 and expire on August 19, 2027. Vested RSUs may be settled by issuing one common share for each RSU,

(c) Share-based payments

For the three months ended September 30	2023		2022	
In respect of:				
Stock options	\$	–	\$	63,601
RSUs		238,082		199,989
	\$	238,082	\$	263,590

The remaining unrecognized fair value of stock options and RSUs at September 30, 2023 is \$nil.

DeepMarket Corp.
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5. FINANCE (INCOME) EXPENSE

For the three months ended September 30	2023		2022	
Accretion of CEBA loan	\$	–	\$	1,336
Interest income		(73)		(3,730)
	\$	(73)	\$	(2,394)

During the three months ended September 30, 2023, the Company paid \$nil (three months ended September 30, 2022 – \$nil) of interest.

6. LOSS SHARE

For the three months ended September 30	2023		2022	
Loss for the period	\$	(361,032)	\$	(1,350,820)
Basic and diluted ⁽¹⁾ weighted average number of shares		4,246,571		4,246,571
Loss per share – basic and diluted	\$	(0.09)	\$	(0.32)

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

7. RELATED PARTY TRANSACTIONS

For the three months ended September 30	2023		2022	
Charged/earned by officers and directors of the Company				
Consulting fees ⁽¹⁾	\$	67,500	\$	40,000
Professional fees		10,170		14,875
	\$	77,670	\$	54,875
Charged by a company owned by a former director of the Company				
Rent	\$	–	\$	2,000

⁽¹⁾ Included in general and administrative expenses.

As at September 30, 2023, accounts payable and accrued liabilities included \$120,554 (June 30, 2023 – \$49,000) to current officers and directors in respect of key management compensation and \$305,834 (June 30, 2023 – \$305,834) owing to a former director of the Company who ceased to be a director in August 2022.

8. LIQUIDITY RISK

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 September 30, 2023, the Company's financial liabilities consist of accounts payable and accrued liabilities and the CEBA loan, a portion of which can be settled through the cash and cash equivalents balance of \$51,780. 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.

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The timing of cash outflows relating to the Company's financial liabilities as at September 30, 2023 are as follows:

	Carrying amount	Contractual cash flows	Due within 1 year
	\$	\$	\$
Accounts payable and accrued liabilities	535,876	535,876	535,876
CEBA loan due on or before January 18, 2024	40,000	40,000	40,000
	575,876	575,876	575,876

9. SUBSEQUENT EVENT

On October 26, 2023, the Company completed a non-brokered private placement of 950,000 units (the "Units") at a price of \$0.10 per Unit for aggregate gross proceeds of \$95,000 (the "Offering"). The Company intends to use the net proceeds of the Offering for general working capital purposes.

The Units are comprised of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share at a price of \$0.20 per common share for a period of 12 months from the date of issuance.

The common shares and warrants issued will be subject to a four-month hold period from the date of the closing of the Offering. The Company did not pay any finder's fee or commissions with respect to the closing of the Offering.