

DEEPMARKIT CORP.
FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months and year ended June 30, 2023

This management's discussion and analysis ("MD&A") dated October 26, 2023 is in respect of the consolidated financial results of DeepMarket Corp. ("DeepMarket" or the "Company") as at and for the three months and year ended June 30, 2023.

DeepMarket changed its financial year-end from December 31 to June 30 and the transition period was the six months ended June 30, 2022 with the prior comparative period the year ended December 31, 2021. The three months ended June 30, 2023 is the fourth quarter of the Company's new fiscal year. The Company believes that changing the year end to June 30 improved its selection of available audit, accounting and tax services, and as a result, the change was in the Company's best interests.

This MD&A should be read in conjunction with the Company's June 30, 2023 audited consolidated financial statements and notes thereto. The financial information presented herein has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All financial data is expressed in Canadian dollars unless otherwise noted.

Forward-Looking Statements

This MD&A may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein may be forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects", "anticipation", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. Forward-looking information in this MD&A includes, but is not limited to, statements or information with respect to: developments with respect to the Company's artificial intelligence business segment, including the development of technology or the identification and completion of investment or acquisition transactions; the acquisition of customers for the MintCarbon.io platform; the availability of purchases for carbon offset NFTs minted on the MintCarbon.io platform; further development of the MintCarbon.io platform; the voluntary carbon offset market beneficial regulatory tailwinds; the proposed marketing plans and strategies of the Company, including the Company's plans to focus on three main distribution channels; competitive conditions in the industry in which the Company operates; the Company's plans for future development; and other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on factors, expectations and assumptions the Company believes are reasonable. These factors, expectations and assumptions include, but are not limited to: the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner the Company and its clients deriving benefit from the MintCarbon.io platform as anticipated; the regulatory framework regarding environmental protection, taxes and regulatory matters in the jurisdictions in which the Company operates or proposes to operate; regulatory changes relating to the crypto and blockchain industries generally, the general stability of the economic and political environment in which the Company operates; future costs and expenses being based on historical costs and expenses, adjusted for inflation; and the ability of the Company to obtain necessary financing. Readers are cautioned that the foregoing list is not exhaustive of all factors, expectations and assumptions which have been used. Although the Company believes that the factors, expectations and assumptions on which the forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurances that they will prove to be correct.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors

are detailed under the heading “Business Risks and Uncertainties” in this MD&A and may include, but are not limited to: the early stage development of the Company and its business and products; risks associated with the industry in which the Company operates, including risks that are specific to the cryptocurrency or digital asset industries and risks relating to the voluntary carbon credit market; the risk that the MintCarbon.io platform does not perform as anticipated; the risk that that the Company and/or its clients do not derive benefit from the MintCarbon.io platform as anticipated or at all; unfavourable capital market circumstances and uncertainty; general business, economic, competitive, political and social uncertainties; increased competition; changes in product scope as plans continue to be refined; other risks inherent in the technology industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation affecting the Company and its business; timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour, the loss of key individuals or the ability to develop new business opportunities. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

COMPANY PROFILE

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 in connection with the Company’s change of business from a mining exploration company to a technology company. 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”.

The consolidated results of the Company 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 as at June 30, 2023 and 2022 and December 31, 2021
First Carbon Corp. (“First Carbon”)	Canada	100% owned subsidiary of DeepMarkit as at June 30, 2023 and 2022 (acquired February 18, 2022)
DeepMarkit AI Corp. (“DeepMarkit AI”)	Canada	100% owned subsidiary of DeepMarkit as at June 30, 2023

OUR BUSINESS

Overview

DeepMarkit’s MintCarbon.io platform is a fee for service web-based user interface which provides registered holders of voluntary carbon offsets the ability to mint Non-Fungible-Tokens (NFTs) representing their carbon offsets. The minting of voluntary carbon offsets into universally tradable NFTs, embeds detailed project information such as visual content, pricing information, statistics and other descriptions directly in the NFT. The benefit to customers is ease-of-access to decentralized exchanges where their carbon offset NFTs can be exposed to larger, more diverse audiences of potential purchasers which the Company believes will translate to enhanced liquidity, speed and realized transaction value.

Customers retain beneficial ownership interests in the underlying carbon offsets maintained at the applicable carbon offset registry. The Company has been accepted by the following registries: Gold Standard, Verra, EcoRegistry, Cercarbono and Will Solutions (each, a “Registry”). Acceptance by the Registries allows the Company to open and maintain an account which allows the Company to act as custodian for the carbon offsets represented in the NFTs minted by customers.

Customers enter into an agreement with the Company governing the transaction in which the customers are, subject to the completion of certain conditions, granted access to (and will interact directly with) the MintCarbon.io platform to mint NFTs. Included in these conditions is satisfactory completion of a verification

process including know-your-client and anti-money laundering (“KYC/AML”) questionnaires to be completed by the Company. Once the carbon offset ownership and KYC/AML processes are completed, the customer becomes "whitelisted" for use of the MintCarbon.io platform. They may then access the platform using their secured credentials to complete the minting process. At the time of minting, an equal number of active and retired carbon offset NFTs are minted. Active carbon offset NFTs are a black and white image of the carbon offset NFT, while the retired carbon offset NFTs are in colour. The colourful retired carbon offset NFT is designed to celebrate the push to net zero, as 1 metric tonne of CO₂ has been used as an offset. The retired carbon offset NFTs only become available when a holder of an active carbon offset retires their active carbon offset NFT through the retirement contract. The retirement takes place on both the blockchain and on the Registry.

Upon minting the carbon offset NFTs, the customer is to be granted ownership of the carbon offset NFTs and also retain and maintain beneficial ownership of the underlying carbon offset. In the event a carbon offset NFT is sold, the customer no longer has an ownership interest in the underlying carbon offsets, subject only to the re-registration of the registered interest in the name of the buyer.

The Company believes the MintCarbon.io platform could indirectly enable greater access and transparency to carbon markets by providing an on ramp to the blockchain for carbon offset originators and holders.

Future developments may include identifying applications for Artificial Intelligence (“AI”) based technologies within the Company's core offering and other business segments.

Carbon Markets

A key initiative among global efforts to fight climate change, the voluntary carbon markets (“VCMs”) allow companies around the world to reduce and remove CO₂ emissions over and above what would otherwise be possible.

While direct emissions reductions are the primary path to global decarbonization, the use of high-quality carbon offsets traded on VCMs is an important complementary tool. The new Integrity Council for the VCM released a set of Core Carbon Principles in July 2022, which will serve as a global benchmark standard for carbon offsets worldwide.

The size of the VCM has grown rapidly in recent years despite a marked slowdown recently, which has been generally attributed to certain factors stemming from, among other things, a lack of uncertainty as to ownership, verification and quality, combined with general sentiments regarding the global economy. Looking ahead, the rise in corporate net zero pledges (particularly from firms in carbon intensive sectors) could underpin demand and support the expansion in VCM growth in years to come.

VCMs also have tremendous potential to mobilize international capital towards climate mitigation and adaptation in developing countries, while accelerating innovation and uptake of breakthrough technologies particularly around carbon capture and storage. VCMs can also contribute to the development of a global carbon price widely agreed by industry and climate experts as necessary to meet the goals of the Paris Agreement.

Outlook

At present, the Company recognizes that the success of MintCarbon.io requires, in part, the further development of voluntary carbon offset markets. Furthermore, the Company believes that the current lack of investor interest in the digital asset sector is expected to continue. As a result of these factors, the Company expects that it will require additional investment to sustain the MintCarbon.io business for the foreseeable future.

With the uncertainty of being able to obtain such investment, on favorable terms or otherwise, the Company has decided to simultaneously pursue alternative businesses initiatives.

These initiatives include the search for and identification of potential acquisitions, partnerships and investments in innovative and value add artificial intelligence (“AI”) based technologies, including AI technologies which may complement MintCarbon.io or other innovative green tech businesses. The Company intends to pursue such measures through its subsidiary DeepMarkit AI Corp., incorporated in January 2023. The Company believes that pursuing these business initiatives are a natural fit for DeepMarkit, and that doing so while simultaneously continuing to operate and refine MintCarbon.io is consistent with DeepMarkit's identity as a platform-based technology issuer.

Corporate Updates

At a special meeting of shareholders held on June 8, 2023, the Corporation's shareholders approved the consolidation of the Company's outstanding common shares. The Company consolidated its common shares on the basis of one post-consolidation common share for every 40 issued and outstanding pre-consolidation common shares. The Company implemented the consolidation to increase the trading price of its common shares in order to potentially broaden the pool of investors that may consider investing in the Company, thereby increasing liquidity, and to maintain the minimum closing bid price required by the OTCQB in order to maintain the Company's listing. The share consolidation has been retroactively applied throughout this MD&A.

On October 26, 2023 the Company completed a non-brokered private placement of up 950,000 units of DeepMarkit at a price of \$0.10 per unit for aggregate gross proceeds of \$95,000. The Company intends to use the net proceeds of the offering for general working capital purposes. See the Subsequent Events section.

SELECT FINANCIAL INFORMATION

(expressed in \$, except shares)	June 30 2023	June 30 2022	December 31 2021
Current assets	155,879	2,653,552	609,295
Current liabilities	(520,533)	(453,134)	(371,561)
Working capital ⁽¹⁾	(364,654)	2,200,418	237,734
Total assets	158,133	7,994,300	648,000
Non-current financial liability ⁽¹⁾⁽²⁾	–	37,279	–
Share capital	32,799,296	32,799,296	21,567,598
Total common shares outstanding	4,246,571	4,246,571	2,056,871

⁽¹⁾ "Working capital" is a capital management measure. "Non-current financial liability" is a supplemental financial measure. See "Non-IFRS and Other Financial Measures".

⁽²⁾ The non-current financial liability at June 30, 2022 is the Canada Emergency Business Account ("CEBA") loan, due on or before January 18, 2024. The CEBA loan is included in current liabilities at June 30, 2023.

Working capital as at June 30, 2023 includes \$0.1 million of cash and cash equivalents (June 30, 2022 – \$1.9 million; December 31, 2021 – \$0.5 million).

RESULTS OF OPERATIONS

(expressed in \$, except shares)	Three months ended June 30 2023	Three months ended June 30 2022	Year ended June 30 2023	Six months ended June 30 2022	Year ended December 31 2021
Revenue	–	204	–	509	3,007
Expenses					
Wages and benefits	24,783	54,218	103,702	110,080	175,523
General and administrative	95,248	966,071	1,541,031	1,471,295	85,108
Professional fees	88,645	271,269	316,733	420,221	51,996
Listing and filing fees	17,358	65,419	82,991	85,591	33,391
Share-based payments	433,310	119,587	1,630,146	1,986,632	–
Finance and foreign exchange	3,491	7,891	(8,064)	10,540	239,672
Amortization and other ⁽¹⁾	5,043,471	2,124,441	5,829,894	2,124,882	–
Loss on debt conversion	–	–	–	–	4,182,044
	5,706,306	3,608,896	9,496,433	6,209,241	4,767,734
Loss for the period	(5,706,306)	(3,608,692)	(9,496,433)	(6,208,732)	(4,764,727)
Loss per share – basic and diluted ⁽²⁾	(1.34)	(0.85)	(2.24)	(1.71)	(7.43)
Weighted average number of shares	4,246,571	4,246,571	4,246,571	3,621,294	640,879
Distributions or cash dividends	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ Amortization and other expenses are comprised of amortization of equipment and intangible assets, the write-off of recycled equipment, impairment of intangible assets and impairment of harmonized tax receivable.

⁽²⁾ All per share figures are based on the basic weighted average number of shares outstanding in the period. The effect of options and warrants is anti-dilutive. Per share amounts may not add due to rounding.

- Revenue is in respect of the DeepMarkit Platform. No revenue has been recognized related to the MintCarbon.io platform.
- Wages and benefits are lower in the three months and year ended June 30, 2023 as compared to other periods presented due to a reduction in the number of employees (offset by an increase in the number of consultants – see below).
- General and administrative expenses are comprised of the following:

	Three months ended June 30	Three months ended June 30	Year ended June 30	Six months ended June 30	Year ended December 31
(expressed in \$)	2023	2022	2023	2022	2021
Advertising and promotion	–	729,955	719,635	1,149,829	2,300
Consulting fees	81,575	210,157	768,739	283,163	31,423
Office	7,673	19,959	28,657	26,303	25,885
Rent	6,000	6,000	24,000	12,000	25,500
	95,248	966,071	1,541,031	1,471,295	85,108

- Advertising and promotion expenses relate to corporate branding, media and marketing services, and strategic digital media services related to promotion of First Carbon and the MintCarbon.io platform in anticipation of its launch. These expenses increased in the three months and year ended June 30, 2022 as the Company prepared to launch the platform. These expenses decreased in the three months and year ended June 30, 2023 due to the implementation of cost-savings efforts.
- Consulting fees are for trade shows, technology support and management and business development services. These fees began to increase in the three months ended June 30, 2022 through to December 31, 2022 due to an increase in the number of consultants providing services to the Company (partially offset by the number of employees and a related decrease in salaries and wages) and then decrease in the latter half of the June 30, 2023 fiscal year due to the implementation of cost-savings efforts.
- Professional fees include legal, accounting and investor relations services. Professional fees were higher in the three and six months ended June 30, 2022 due to an increase various indirect activities related to the First Carbon business acquired in February 2022. Professional fees are lower in the three months and year ended June 30, 2023 due to a reduction in the need for related services and the implementation of cost-savings efforts.
- Listing and filing fees are higher in the three and six months ended June 30, 2022 as compared to the other periods presented due to regulatory fees related to the First Carbon acquisition and the granting of stock options in March 2022. Listing and filing fees incurred in the three months and year ended June 30, 2023 primarily relate to maintenance fees.
- Share-based payments (“SBP”) expense recognized during the periods relates to:
 - 400,000 (16,000,000 pre-consolidation) stock options granted in March 2022 exercisable at \$8.50 (\$0.21 pre-consolidation) per share for a period of two years from the date of grant, of which 350,000 (14,000,000 pre-consolidation) stock options vested on the grant date and 50,000 (2,000,000 pre-consolidation) stock options vest 25% every three months from the grant date. The grant date fair value of these stock options was estimated to be \$2,095,000 using the Black-Scholes pricing model.
 - 395,000 (15,800,000 pre-consolidation) RSUs granted in August 2022 that 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. Upon exercise, the Company will issue one common share for each RSU. The grant date fair value of these RSUs was determined to be \$1,738,000 based on the \$4.40 (\$0.11 pre-consolidation) market price of the Company’s common shares on the grant date.
 - On October 4, 2022, the Company amended the exercise price of of 374,500 (14,980,000 pre-consolidation) stock options expiring on March 8, 2024 from \$8.50 (\$0.21 pre-consolidation) per common share to \$6.00 (\$0.15 pre-consolidation) per common share. The re-pricing is considered a modification of the stock option terms, resulting in a \$21,860 increase to their estimated fair value, of which \$18,140 was expensed on the modification date and \$3,720 was amortized to share-based payments expense over the remaining vesting period.

SBP expense is comprised of the following:

	Three months ended June 30	Three months ended June 30	Year ended June 30	Six months ended June 30	Year ended December 31
(expressed in \$)	2023	2022	2023	2022	2021
In respect of:					
Stock options	–	119,587	130,228	1,986,632	–
RSUs	433,310	–	1,499,918	–	–
	433,310	119,587	1,630,146	1,986,632	–

The remaining unrecognized fair value at June 30, 2023 is \$nil for stock options and \$238,082 for RSUs.

- Finance and foreign exchange expenses are higher in the year ended December 31, 2021 due to interest on debentures (see the “Related Party Transactions” section) which were converted to common shares of the Company in November 2021. Finance expenses in the other periods presented relate to the CEBA loan net of interest earned on cash and cash equivalents.
- Amortization and other expenses are comprised of the following:

	Three months ended June 30	Three months ended June 30	Year ended June 30	Six months ended June 30	Year ended December 31
(expressed in \$)	2023	2022	2023	2022	2021
Amortization					
Equipment	240	441	964	882	2,520
Intangible assets	469,439	–	1,251,834	–	–
	469,679	441	1,252,798	882	2,520
Impairment of intangible assets	4,381,415	2,124,000	4,381,415	2,124,000	–
Write-off of recycled equipment	–	–	3,304	–	–
Impairment of Harmonized Tax receivable	192,377	–	192,377	–	–
	5,043,471	2,124,441	5,829,894	2,124,882	2,520

- Intangible assets are comprised of the MintCarbon.io platform. Amortization is calculated on a straight-line basis over three years and commenced in November 2022.
- Impairment of intangible assets

On June 30, 2023 and June 30, 2022, the Company identified indicators of impairment in relation to intangible assets, such as a decrease in the Company’s enterprise value and unfavourable changes in the crypto and carbon credit markets, and performed an impairment test. At June 30, 2023, management estimated the recoverable amount of intangible assets to be \$nil based on estimated future cash flows (June 30, 2022 – \$5,335,719 based on the Company’s enterprise value), representing an estimate of fair value less costs to sell.

As at June 30, 2023, the carrying amount was determined to be higher than the recoverable amount resulting in the recognition of \$4,381,415 (June 30, 2022 – \$2,124,000) of impairment.

Enterprise value is computed as the market capitalization of the Company on June 30, 2023 and 2022 (number of common shares outstanding multiplied by the market price of the Company’s shares on the measurement dates) plus total liabilities less cash and cash equivalents.

- Impairment of Harmonized Tax receivable

During the year ended June 30, 2023, the Company received an unfavorable reassessment of its HST filings for the period October 1, 2021 to December 31, 2022 from the Canada Revenue Agency resulting in the denial of certain input tax credits. As a result, the Company recognized \$192,377 of impairment of the harmonized tax receivable in the year ended June 30, 2023 (six months ended June 30, 2022 – \$nil; year ended December 31, 2021 – \$nil).

- Loss on debt conversion

On November 8, 2021, the Company completed a debt conversion pursuant to which it issued an aggregate of 1,336,098 (53,443,896 pre-consolidation) common shares at a conversion price of \$2.05 (\$0.05 pre-consolidation) per common share. The debt conversion comprised two components:

- conversion of the Company's \$2,000,000 of 12% Secured Participating Debentures, plus accrued interest of \$700,000, resulting in the issuance of 1,317,074 (52,682,924 pre-consolidation) common shares, and
- conversion of \$39,000 of previously incurred and unpaid management fees, resulting in the issuance of 19,024 (760,972 pre-consolidation) common shares.

On November 8, 2021, the market price of the Company's shares was \$5.20 (\$0.13 pre-consolidation) 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.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	For the three months ended							
	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021
Revenue *	-	-	-	-	204	305	637	599
Operating expenses **	226,034	243,143	480,457	1,094,823	1,356,977	730,210	140,713	63,802
Finance and other ***	665,547	469,403	313,058	(7,593)	8,332	3,090	4,215,825	81,979
SBP	433,310	441,267	491,979	263,590	119,587	1,867,045	-	-
Impairment of intangible assets	4,381,415	-	-	-	2,124,000	-	-	-
Loss and comprehensive loss	(5,706,306)	(1,153,813)	(1,285,494)	(1,350,820)	(3,608,692)	(2,600,040)	(4,355,901)	(145,182)
Loss per share - basic	(1.34)	(0.27)	(0.30)	(0.32)	(0.85)	(0.61)	(2.93)	(0.40)
Working capital	(364,654)	57,248	300,116	917,399	2,200,418	3,711,530	237,734	(2,324,515)

* Minor revenue earned in the fiscal year ended June 30, 2023 has been grouped with operating expenses.

** Operating expenses include wages and benefits, general and administrative, professional fees, listing and filing fees.

*** Finance and other includes finance and foreign exchange, amortization, write-off of recycled equipment and impairment of Harmonized Tax receivable. The three months ended December 31, 2021 also includes \$4,182,044 loss on debt conversion.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2023, the Company had a working capital deficit of \$364,654 (June 30, 2022 – \$2,200,418 surplus; December 31, 2021 – \$237,734 surplus) including cash and cash equivalents of \$88,944 (June 30, 2022 – \$1,949,104; December 31, 2021 – \$501,472).

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

	Carrying amount	Contractual cash flows	Due within 1 year
	\$	\$	\$
Accounts payable and accrued liabilities	480,533	480,533	480,533
CEBA loan due on or before January 18, 2024	40,000	40,000	40,000
	520,533	520,533	520,533

Management believes that although the Company has sufficient cash and cash equivalents to meet its immediate current obligations, additional financing may be required over the next twelve months in order to execute the Company's stated business objectives. Management cannot confirm that additional financing may be obtained or if financing is available, that it will be on favorable terms and if financing is not secured the Company will be unable to continue its business. See the Subsequent Events section.

Operating activities

During the year ended June 30, 2023, the Company used \$1,561,137 (six months ended June 30, 2022 – \$2,583,130; year ended December 31, 2021 – \$314,195) for operating activities for wages and benefits, general and administrative expenses (primarily advertising and promotion services) and professional fees.

Financing activities

The Company did not engage in any financing activities during the year ended June 30, 2023. During the six months ended June 30, 2022, the Company completed two private placements of units for gross cash proceeds of \$4,250,000 and incurred \$300,452 of cash share issue costs. During the year ended December 31, 2021, the Company completed two private placements of units for gross cash proceeds of \$750,000 and incurred \$56,597 of cash share issue costs.

Investing activities

On February 18, 2022, the Company acquired all of the issued and outstanding common shares of First Carbon (the "Acquisition") in exchange for 1,500,000 (60,000,000 pre-consolidation) common shares of the Company issued to First Carbon shareholders. The implied fair value the Company's common shares on February 18, 2022 was \$5.00 (\$0.125 pre-consolidation) per common share based on the unit private placement completed on the same day, resulting in a value of consideration of \$7,500,000.

The Company accounted for the Acquisition as an asset acquisition:

Consideration:	
Value of common shares	\$ 7,500,000
Acquisition transaction costs	65,597
	<u>\$ 7,565,597</u>
Value of net assets:	
Cash	\$ 426,687
Accounts receivable	9,082
Intangible assets	7,147,049
Accounts payable and accrued liabilities	(17,221)
	<u>\$ 7,565,597</u>

The \$426,687 of cash acquired and \$65,597 of acquisition transaction costs were reported under cash flows from investing activities during the six months ended June 30, 2022.

During the year ended June 30, 2023, the Company incurred \$297,500 (six months ended June 30, 2022 – \$312,700) of expenditures on the MintCarbon.io platform. These costs have been capitalized as the MintCarbon.io platform is considered to be technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and use the platform. The Company's intangible assets were subsequently impaired as noted in the Results of Operations section.

The Company also purchased \$1,523 of computer equipment during the year ended June 30, 2023.

RELATED PARTY TRANSACTIONS

	Year ended June 30 2023		Six months ended June 30 2022		Year ended December 31 2021
Charged/earned by officers and directors of the Company (a)					
Wages and benefits	\$	–	\$	50,000	\$ 100,000
Consulting fees (included in general and administrative expenses)		234,000		70,000	20,000
Professional fees		43,735		20,046	20,004
Share-based payments		341,753		262,137	–
		619,488		402,183	140,004
Charged by a company owned by a former director of the Company (b)					
Rent (included in general and administrative expenses)	\$	2,000	\$	12,000	\$ 25,500
\$2,000,000 of debentures held by 1323552 B.C. Ltd. (c)					
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 equity compensation plans. As at June 30, 2023, key management personnel included 6 individuals (June 30, 2022 – 7 individuals; December 31, 2021 – 6 individuals). As at June 30, 2023, accounts payable and accrued liabilities included \$49,000 (June 30, 2022 – \$10,500; December 31, 2021 – \$nil) in respect of key management compensation and \$305,834 (June 30, 2022 – \$305,834; December 31, 2021 – \$255,834) in respect of key management compensation owing to a former director of the Company.
- (b) As at June 30, 2023, accounts payable and accrued liabilities included \$nil (June 30, 2022 – \$nil; December 31, 2021 – \$15,000) due to this related party who ceased to be a director of the Company in August 2022.
- (c) 1323552 B.C. Ltd. is a private company controlled by Ranjeet Sundher, a director and founder of the Company. These debentures bore interest at 12% per annum and were converted to common shares of the Company in November 2021.

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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table describes the outstanding equity securities and convertible securities issued by the Company:

	Common shares	Warrants	Stock options	RSUs
Balance, June 30, 2022	4,246,571	1,086,529	400,000	–
Granted	–	–	–	395,000
Cancelled	–	–	(25,500)	–
Balance, June 30, 2023 and date of MD&A	4,246,571	1,086,529	374,500	395,000

OFF-BALANCE SHEET ITEMS

As at June 30, 2023, the Company did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations, liquidity or capital expenditures.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The Company's critical accounting estimates and significant accounting policies, as well as changes in accounting policies, are disclosed in Notes 2 and 3 of the June 30, 2023 audited consolidated financial statements.

FINANCIAL RISK MANAGEMENT

The Company, through its financial assets and liabilities, is exposed to various risks. The Company is not exposed to significant credit, interest rate or currency risk as at and for the three months and year ended June 30, 2023. Liquidity risk is discussed in the Liquidity and Capital Resources section.

Refer to Note 17 of the June 30, 2023 audited consolidated financial statements for a discussion of financial risk management.

BUSINESS RISKS AND UNCERTAINTIES

The Company's new business as a technology issuer is subject to a number of significant risk factors. The following are certain risk factors related to the Company, its business, and ownership of securities of the Company. If any event arising from the risk factors set forth below occurs, the Company's business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected.

Limited Operating History

Following the completion of the acquisition of First Carbon, the Company changed its business strategy from a focus on media/promotions software research and development to the tokenization vertical of the blockchain, including the minting of carbon offsets into non-fungible tokens. Prior to the transaction, the Company did not have any record of operating in the tokenization vertical of the blockchain area. As such, the Company is an early-stage company and will be subject to many risks common to such enterprise including, without limitation, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

Liquidity and Capital Requirements

The Company will face significant challenges in order to achieve sustainability. There can be no assurance that it will be able to maintain adequate liquidity or achieve long-term viability. The Company's ability to meet its obligations in the ordinary course of business is dependent upon management's ability to establish profitable operations or raise capital, as needed, through public or private debt or equity financings, or other sources of financing to fund operations. The disruption of the capital markets and the continued decline in economic

conditions, amongst other factors, could negatively impact the Company's ability to sustain operations or raise additional capital when needed.

DeepMarkit will need to seek additional equity or debt financing to fund its continued operations or make acquisitions or other investments. The Company's business plans may change, general economic, financial or political conditions in its markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on its potential cash flows and the anticipated cash needs of its business. Any of these events or circumstances could result in significant additional funding needs, requiring the Company to raise additional capital. DeepMarkit cannot predict the timing or amount of any such capital requirements at this time however the Company will require equity capital in the near term and may require further capital in the medium or long term. If near-term financing is not available, the Company will be unable to continue its business. If continued financing over the medium or long term is not available on satisfactory terms, or at all, the Company may be unable to expand its business at the rate desired and its results of operations may suffer. Financing through issuances of equity securities would be dilutive to holders of DeepMarkit's shares.

Management of Growth

The Company may be subject to growth-related execution risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

Dependence upon key management

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations. From time to time, the Company will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons experienced in carbon markets and tokenization is limited, and competition for such persons can be intense. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, or if the Company is not able to retain its personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its results of operations and financial condition.

Competition Risk

The Company will face competition from a number of direct and indirect competitors. These competitors may limit the Company's opportunities to fully develop the MintCarbon.io platform and develop and grow its market share.

The Company may likely compete with other NFT businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company may face significant competition in the blockchain and NFT sectors, including in the tokenization of carbon offsets. The Company's competitors may include companies active in carbon trading, experienced carbon offset investors and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

There are several organizations that have publicly stated their intention to mint NFTs or other crypto based coins representing voluntary carbon offsets. Should this competition arise and given there is currently a limited supply of carbon offsets, projects to generate future carbon offsets and investment opportunities in carbon offsets, there can be no assurance that the Company will be able to compete successfully against other companies in tokenizing carbon offsets. The Company's inability to entice prospective customers to mint NFTs using MintCarbon may result in a material and adverse effect on its profitability, results of operation and financial condition.

Acquisitions or Other Business Transactions

The Company may, when and if the opportunities arise, acquire other products, technologies or businesses involved in activities similar to the Company, or having products or intellectual property that are complementary to its business. The Company may also seek acquisitions or other investments in non-related products or businesses. Acquisitions involve numerous risks, including difficulties in the assimilation of operations, technologies and products of the acquired companies, the diversion of management's attention from other

business concerns, risks associated with entering new markets or conducting operations in industry segments in which the Company has no or limited experience, and the potential loss of key employees of the acquired company. Future acquisitions by the Company could result in potentially dilutive issuances of equity securities, the use of cash, the incurrence of debt and contingent liabilities, and write-off of acquired research and development costs, all of which could materially adversely affect the Company's financial condition, results of operations and cash flows. Moreover, there can be no assurances that any anticipated benefits of an acquisition will be realized.

Conflicts of Interest

The Company may contract with affiliated parties or other companies or members of management of the Company or companies owned or controlled by members of the Company's management and associated and affiliated parties thereto. These parties may obtain compensation and other benefits in transactions relating to the Company. Certain members of management of the Company have business activities other than the business of the Company, but each member of management intends to devote a large portion of his or her working time to the Company. Although management intends to act fairly, there can be no assurance that the Company will not inadvertently enter into arrangements under terms less favorable than what might otherwise be available.

Proprietary Rights could be subject to Suits or Claims

No assurance exists that the Company or any company with which it transacts, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, copyrights and technology which may be acquired over time. Failure by the Company to successfully defend or claim against a breach of proprietary rights may have a material adverse effect on the Company.

Market Price Volatility

Volatility in the market price of the common shares may affect the ability of holders to sell the common shares at an advantageous price. Market price fluctuations affecting the common shares may be due to the Company's operating results failing to meet the expectations of securities analysts or investors, downward revision in securities analysts' estimates, governmental regulatory action, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, among others. Additionally, macro-economic conditions may adversely affect the market price of the common shares.

Foreign and Crypto Currency Exchange Risk

Subject to compliance with applicable laws and regulations, including applicable securities regulations, the Company may transact business in multiple currencies and/or cryptocurrencies, including the Canadian dollar and Ethereum. As a result, the Company may have currency exchange exposure with respect to items denominated in foreign currencies or cryptocurrencies.

Forward-Looking Information May Prove Inaccurate

Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Investment Returns

The Company may never achieve a level of profitability that would permit payment of dividends or making other forms of distributions to security holders. Payment of any future dividends by the Company will be at the sole discretion of the Board of Directors. The Company currently intends to retain earnings, if any, to finance the continuation of its business and does not anticipate paying dividends in the foreseeable future.

Litigation Risks

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings including regulatory proceedings, tax proceedings and legal actions relating to, among other things, intellectual property rights and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's assets, liabilities, business,

financial condition and results of operations. Even if the Company succeeds in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations, which could adversely affect its financial condition.

Risk of Regulatory Restrictions on NFTs

As NFTs have grown in both popularity and market size, governments around the world may react differently. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change with respect to the use of NFTs is impossible to predict, but any such change could be substantial and adverse to the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. These government actions may result in the restriction of the acquisition, ownership, holding, selling, use or trading in NFTs. Any such restriction could result in decreased market demand for the Company's products and services, and may adversely affect the price of the common shares.

Smart Contract Risks and NFT Maintenance

Smart contracts on the public blockchain network are susceptible to hackers. There have been instances where hackers were able to exploit the smart contract vulnerability of a blockchain network to alter transactions or redirect transactions in favour of the hackers. Although software is being developed to curtail speculative and malicious activities, there can be no assurance that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which NFT transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new NFTs or transactions, using such control.

The security procedures and operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or otherwise, and, as a result, an unauthorized party may obtain access to the Company's infrastructure. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the infrastructure of the Company. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures.

Cybersecurity Risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects the Company or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

Reliance of Blockchain Technology

The Company will rely on blockchain technology to continue to function and carry out its operations as intended. The Company's business plan depends upon the growth and adoption of blockchain technology generally and NFTs and Ethereum specifically. If industry participants determine that such crypto asset ecosystems are not effective protocols, due to security risks or other shortcomings, or if another technology emerges which is superior to the blockchain technology, then the value of the Company's products and services may fall or become worthless.

Status of NFTs as a "Derivative" or "Security"

A particular NFT's status as a "derivative" or "security" in any relevant jurisdiction is subject to a high degree of uncertainty and if the Company is unable to properly characterize an NFT, the Company may be subject to regulatory scrutiny, investigations, fines, and other penalties, which may adversely affect the Company's business, operating results, and financial condition. Although recent years have seen some guidance emerge with respect to the question of whether a digital asset constitutes a security for certain purposes under Canada and U.S. law, there remains little or no clear legal authority or established practice with respect to the application to digital assets of concepts like fungibility, settlement, clearing, trade execution and reporting, collateralization, rehypothecation, custody, repo, margin, restricted securities, short sales, bankruptcy and insolvency and many others. Some or all of these concepts may be needed for crypto-related marketplaces to continue to grow, mature and attract institutional participants; there can be no assurances that rules and practices for such concepts will develop in Canada and the United States in a manner that is timely, clear, favorable to the Company or compatible with other jurisdictions' regimes.

If Ethereum, or any other supported digital asset such as an NFT, is deemed to be a security under any Canadian provincial, U.S. federal, state, or foreign jurisdiction, or in a proceeding in a court of law or otherwise, it may have adverse consequences for such supported digital asset and would have a material and adverse effect on the Company and its business. For instance, all offerings in such supported digital asset would have to be registered with the applicable Canadian provincial securities authorities, SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability and transactability. Further, it could draw negative publicity and a decline in the general acceptance of the digital asset, and it may make it difficult for such supported digital asset to be traded, cleared, and custodied as compared to other digital asset that are not considered to be securities.

Carbon Pricing Initiatives are Subject to Debate

Carbon pricing initiatives, such as emissions trading systems and carbon taxes, and carbon offsets have arisen primarily due to relative international and scientific consensus with respect to scientific evidence indicating a correlative relationship between the rise in global temperatures and extreme weather events, on the one hand, and the rise in greenhouse gas emissions in the atmosphere, on the other hand. Failure to maintain international consensus, may negatively affect the value of carbon offsets. There is no assurance that carbon markets will continue to exist. New technologies may arise that may diminish or eliminate the need for carbon markets. Ultimately, the price of carbon offsets is determined by the cost of actually reducing emissions levels. If the price of offsets becomes too high, it will be more economical for companies to develop or invest in lower emission technologies, thereby suppressing the demand and adversely affecting the price.

Reduced Demand for Carbon Offsets

The demand for, and the market price of, carbon offsets can be adversely affected by any number of factors, including the implementation of lower emission infrastructure, an increase in the number of projects generating carbon offsets, invention of new technology that assists in the avoidance, reduction or sequestration of emissions, increased use of alternative fuels, a decrease in the price of conventional fossil fuels, increased use of renewable energy, and the implementation and operation of carbon pricing initiatives such as carbon taxes and emissions trading systems. There can be no assurance that carbon pricing initiatives or compliance or voluntary carbon offset markets will continue to exist. Carbon pricing initiatives may be subject to policy and political changes and, may otherwise be diminished, terminated or may not be renewed upon their expiration.

In addition, the demand for carbon offsets is driven by the social and political will to reduce greenhouse gas emissions globally. Without such social and political will, the demand for carbon offsets would cease to exist and there would be no demand for MintCarbon.

Lack of Liquidity and High Volatility

Carbon markets, particularly the voluntary markets, are still evolving and there are no assurances that the carbon offsets minted into NFTs through MintCarbon will find a market. The carbon offset market, particularly the voluntary markets, have experienced a high level of price and volume volatility. There is, or there may be in the future, a lack of liquidity for the purchase or sale of carbon offsets, which may lead to difficulties in assessing the addressable market for the Company's business. In addition, as the supply of carbon offsets is limited, the Company may experience difficulties in obtaining clients willing to mint carbon offsets into NFTs through MintCarbon.

Fluctuating Price of Carbon Offsets

The demand for and the price at which carbon offsets are traded, and by extension the potential demand for and the price at which carbon offset NFTs will trade (if any), will be influenced by a number of factors. These factors include legislative and regulatory changes and general economic, political or regulatory conditions, including the level of commitment by both governments and corporations to initiatives aimed at reducing greenhouse gas emissions. Changes in government priorities as a result of government deficits or as a result of changes in the prevailing views concerning the impact of greenhouse gasses on climate change could adversely affect the demand for carbon offsets and thereby their price. Interpretation and enforcement of environmental legislation will vary by country and is subject to sudden change. Carbon offset prices will also be influenced by infrastructure and technological advances in reducing and sequestering greenhouse gas emissions and the economics associated with those activities. There can be no assurance that continual fluctuations in the price of carbon offsets will not occur. Material reductions in the demand for and in the price of carbon offsets may have a material and adverse effect on the Company, its business and its financial results.

Changes in accounting standards and interpretations

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Company's business, including revenue recognition, impairment of intangible assets, and income taxes, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change the Company's reported financial performance or financial condition in accordance with generally accepted accounting principles. Further, the Company's implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect the Company's reported financial position or operating results or cause unanticipated fluctuations in its reported operating results in future periods.

WAR IN UKRAINE

The war in Ukraine, have created uncertainties resulting in market volatility and restricted access to capital. The extent and duration of the impact of factors related to the conflict are unknown however it must be assumed they may continue to have a negative impact on the ability of the Company to continue or to develop new business opportunities.

NON-IFRS AND OTHER FINANCIAL MEASURES

Throughout this MD&A and in other materials disclosed by the Company, certain measures may be employed to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS, such as loss from continuing operations and net cash used in operating activities as indicators of our performance.

"Non-current financial liabilities" is a supplemental financial measure. Non-current financial liabilities are comprised of the CEBA loan as presented in the Company's consolidated statements of financial position (see the "Selected Financial Information" section).

"Working capital" is a capital management measure. Working capital is comprised of current assets less current liabilities. Management believes that working capital is a useful measure to assess the Company's capital position and its ability to execute its business plan. See the "Selected Financial Information" section for a reconciliation of working capital to current assets and current liabilities, being our nearest measures prescribed by IFRS.

ADDITIONAL INFORMATION

Reference is made in this MD&A to the Company's financial statement disclosure for the relevant periods filed on the SEDAR website for the Company at www.sedar.com where additional disclosure relating to the Company can also be located. Readers are strongly encouraged to review such additional disclosure.

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