

DEEPMARKIT CORP.
FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months ended September 30, 2024

This management's discussion and analysis ("MD&A") dated October 28, 2024 is in respect of the consolidated financial results of DeepMarkit Corp. and its subsidiaries ("DeepMarkit" or the "Company") as at and for the three months ended September 30, 2024.

This MD&A should be read in conjunction with the Company's September 30, 2024 unaudited condensed interim consolidated financial statements and June 30, 2024 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.

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 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 "MKTFD" 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 |
| First Carbon Corp. ("First Carbon") | Canada | 100% owned subsidiary of DeepMarkit |
| DeepMarkit AI Corp. ("DeepMarkit AI") | Canada | 100% owned subsidiary of DeepMarkit |

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.

SELECT FINANCIAL INFORMATION

| (expressed in \$, except shares) | September 30 2024 | June 30 2024 | June 30 2023 |
|---|----------------------|-----------------|-----------------|
| Current assets | 197,044 | 257,486 | 155,879 |
| Current liabilities | (566,527) | (625,179) | (520,533) |
| Working capital ⁽¹⁾ | (369,483) | (367,693) | (364,654) |
| Total assets | 197,044 | 259,064 | 158,133 |
| Non-current financial liability ⁽¹⁾⁽²⁾ | 44,724 | 43,283 | – |
| Share capital | 33,347,873 | 33,299,802 | 32,799,296 |
| Total common shares outstanding | 12,353,068 | 11,653,068 | 4,246,571 |

⁽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 September 30, 2024 and June 30, 2024 is the Canada Emergency Business Account ("CEBA") loan. The CEBA loan was included in current liabilities at June 30, 2023.

Working capital as at September 30, 2024 includes \$0.17 million of cash and cash equivalents (June 30, 2024 – \$0.26 million; June 30, 2023 – \$0.09 million).

RESULTS OF OPERATIONS

| (expressed in \$, except shares) | | |
|---|------------|-----------|
| For the three months ended September 30 | 2024 | 2023 |
| Expenses (recoveries) | | |
| Wages and benefits | 24,882 | 24,484 |
| General and administrative | 53,486 | 76,982 |
| Professional fees | 16,967 | 14,370 |
| Listing and filing fees | 8,274 | 7,101 |
| Amortization | 118 | 169 |
| Share-based payments | – | 238,082 |
| Finance and foreign exchange | 2,393 | (156) |
| Recovery of harmonized tax receivable | (40,700) | – |
| | 65,420 | 361,032 |
| Loss for the period | (65,420) | (361,032) |
| Loss per share – basic and diluted ⁽¹⁾ | (0.01) | (0.09) |
| Weighted average number of shares | 12,155,242 | 4,246,571 |
| Distributions or cash dividends | Nil | Nil |

⁽¹⁾ 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.

- Wages and benefits for the three months ended September 30, 2024 are comparable to those for the three months ended September 30, 2023.
- General and administrative expenses are comprised of the following:

| (expressed in \$) | | |
|---|--------|--------|
| For the three months ended September 30 | 2024 | 2023 |
| Consulting fees | 45,924 | 67,500 |
| Rent | 3,000 | 6,000 |
| Office | 4,562 | 3,482 |
| | 53,486 | 76,982 |

Consulting fees for the three months ended September 30, 2024 are lower than those for the three months ended September 30, 2023 due to a reduction in management fees offset by fees for business and project development services.

- Professional fees include legal, accounting and investor relations services. Professional fees for the three months ended September 30, 2024 are comparable to those for the three months ended September 30, 2023.

- Listing and filing fees primarily relate to maintenance fees.
- Recovery of harmonized tax receivable

In 2023, the Company received an unfavorable reassessment of certain HST filings that it continues to appeal. Due to uncertainty of the appeal, the Company impaired the harmonized tax receivable in the years ended June 30, 2024 and 2023. During the three months ended September 30, 2024, the Company collected \$40,700 of previously impaired HST filings.

- During the three months ended September 30, 2024, the Company recognized \$nil (three months ended September 30, 2023 – \$238,082) of share-based payments related to RSUs granted in August 2022 that vested in August 2023.
- Finance and foreign exchange is comprised of the following:

| (expressed in \$) | | |
|--|-------|-------|
| For the three months ended September 30 | 2024 | 2023 |
| Accretion of CEBA loan ⁽¹⁾ | 1,441 | – |
| Interest on CEBA loan ⁽¹⁾ | 754 | – |
| Interest income on cash and cash equivalents | (128) | (73) |
| Finance expense (income) | 2,067 | (73) |
| Foreign exchange loss (gain) | 326 | (83) |
| | 2,393 | (156) |

⁽¹⁾ See Liquidity and Capital Resources – CEBA Loan

SUMMARY OF QUARTERLY FINANCIAL RESULTS

| | For the three months ended | | | | | | | |
|------------------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Sep 30 2024 | Jun 30 2024 | Mar 31 2024 | Dec 31 2023 | Sep 30 2023 | Jun 30 2023 | Mar 31 2023 | Dec 31 2022 |
| Operating expenses ** | 103,609 | 181,925 | 109,715 | 122,816 | 122,937 | 226,034 | 243,143 | 480,457 |
| Finance and other *** | (38,189) | 14,583 | 5,250 | 3,915 | 13 | 665,547 | 469,403 | 313,058 |
| SBP | - | - | - | - | 238,082 | 433,310 | 441,267 | 491,979 |
| Impairment of intangible assets | - | - | - | - | - | 4,381,415 | - | - |
| Loss and comprehensive loss | (65,420) | (196,508) | (114,965) | (126,731) | (361,032) | (5,706,306) | (1,153,813) | (1,285,494) |
| Loss per share - basic | (0.01) | (0.02) | (0.02) | (0.03) | (0.09) | (1.34) | (0.27) | (0.30) |
| Working capital | (369,483) | (367,693) | (598,034) | (525,130) | (487,435) | (364,654) | 57,248 | 300,116 |

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

*** Finance and other may include finance and foreign exchange, amortization of equipment and intangible assets, write-off of recycled equipment and impairment of harmonized tax receivable.

LIQUIDITY AND CAPITAL RESOURCES

Working capital

As at September 30, 2024, the Company had a working capital deficit of \$369,483 (June 30, 2024 – \$367,693) including cash and cash equivalents of \$169,354 (June 30, 2024 – \$254,176).

CEBA loan

The Company received a \$60,000 Canadian Emergency Business Account (“CEBA”) loan bearing interest at 5% per annum payable monthly, with full principal repayment due on December 31, 2026.

As at September 30, 2024, the amortized cost of the CEBA loan was \$44,724 (June 30, 2024 – \$43,283). Accounts payable and accrued liabilities as at September 30, 2024 include \$2,090 (June 30, 2024 – \$1,336) of interest on the CEBA loan.

Financial liabilities

The timing of cash outflows relating to the Company's financial liabilities as at September 30, 2024 are as follows:

| | Carrying amount | Contractual cash flows | Due within 1 year | Due December 31, 2026 |
|--|-----------------|------------------------|-------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Accounts payable and accrued liabilities | 566,527 | 566,527 | 566,527 | – |
| CEBA loan due on or before December 31, 2026 | 44,724 | 60,000 | – | 60,000 |
| | 611,251 | 626,527 | 566,527 | 60,000 |

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.

Operating activities

During the three months ended September 30, 2024, the Company used \$146,893 (three months ended September 30, 2023 – \$37,164) for operating activities primarily for wages and benefits, general and administrative expenses and professional fees.

Financing activities

On July 26, 2024, the Company closed the second tranche of a non-brokered private placement, issuing 700,000 units at a price of \$0.10 per unit for gross proceeds of \$70,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.20 for a period of two years from the date of issuance of the units. In addition, the Company issued 42,000 broker compensation warrants entitling the holder thereof to receive one common share for each warrant at an exercise price of \$0.145 for a period of one year from the date of issuance. The Company also paid \$4,200 of cash finder's fees and incurred \$3,729 of other cash share issue costs.

Investing activities

The Company did not engage in any investing activities during the three months ended September 30, 2024 and 2023.

RELATED PARTY TRANSACTIONS

| | For the three months ended September 30 | |
|--|---|------------|
| | 2024 | 2023 |
| Consulting fees ⁽¹⁾ | | |
| Ranjeet Sundher, CEO ⁽²⁾ and director | \$ 15,000 | \$ 45,000 |
| Steve Vanry, director | 15,000 | 22,500 |
| Garrett Scott, CEO | 3,000 | |
| Professional fees | | |
| Curtis Smith, CFO | 9,551 | 10,170 |
| Share-based payments | – | 49,726 |
| | \$ 42,551 | \$ 127,396 |

⁽¹⁾ Included in general and administrative expenses.

⁽²⁾ Resigned as CEO on February 16, 2024; remains a director.

As at September 30, 2024, accounts payable and accrued liabilities included \$52,750 owed to Ranjeet Sundher and \$147,000 owed to Steve Vanry (June 30, 2024 – \$77,000 owed to Ranjeet Sundher, \$131,250 owed to

Steve Vanry and \$1,000 owed to Garrett Scott) in respect of key management compensation and \$305,834 (June 30, 2024 – \$305,834) owed to Darold Parken, a former director of the Company who ceased to be a director in August 2022.

SUBSEQUENT EVENT

There were no reportable events subsequent to September 30, 2024.

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, 2024 | 11,653,068 | 8,088,204 | – | 395,000 |
| Issued | 700,000 | 742,000 | – | – |
| Balance, September 30, 2024 | 12,353,068 | 8,830,204 | – | 395,000 |
| Expired | – | (950,000) | – | – |
| Balance, date of MD&A | 12,353,068 | 7,880,204 | – | 395,000 |

OFF-BALANCE SHEET ITEMS

As at September 30, 2024, 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 material accounting policies, as well as changes in accounting policies, are disclosed in Notes 2 and 3 of the June 30, 2024 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 ended September 30, 2024. Liquidity risk is discussed in the Liquidity and Capital Resources section.

Refer to Note 15 of the June 30, 2024 audited consolidated financial statements for a discussion of financial risk management.

BUSINESS RISKS AND UNCERTAINTIES

Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent in the technology business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected. The risks and uncertainties detailed in the Company's audited annual consolidated financial statements and related notes thereto and the annual MD&A for the year ended June 30, 2024 remain the same as of the date of this MD&A. These documents are available for viewing on the Company's profile at www.sedarplus.ca.

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 consolidated 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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