

**DeepMarket Corp.**

**Consolidated Financial Statements**

**As at and for the years ended June 30, 2024 and 2023**

**(In Canadian dollars)**



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Licensed Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of DeepMarket Corp.**

### ***Opinion***

We have audited the consolidated financial statements of DeepMarket Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024 and 2023, the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

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

### ***Emphasis of Matter - Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended June 30, 2024 and, as of that date, had a negative working capital and a deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the *Emphasis of Matter - Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

(continues)



## **Independent Auditor's Report to the Shareholders of DeepMarkit Corp. (continued)**

### ***Other Information***

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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**Independent Auditor's Report to the Shareholders of DeepMarkit Corp. (continued)**

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)***

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

*SRCO Professional Corporation*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

Richmond Hill, Canada  
September 5, 2024

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

As at June 30	Note	2024	2023
<b>Assets</b>			
Current assets			
Cash and cash equivalents		\$ 254,176	\$ 88,944
Harmonized tax receivable	11	–	53,828
Prepaid expenses		3,310	13,107
<b>Total current assets</b>		<b>257,486</b>	<b>155,879</b>
Equipment	4	1,578	2,254
<b>Total assets</b>		<b>\$ 259,064</b>	<b>\$ 158,133</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	13, 15	\$ 625,179	\$ 480,533
CEBA loan	6	–	40,000
		625,179	520,533
CEBA loan	6	43,283	–
<b>Total liabilities</b>		<b>668,462</b>	<b>520,533</b>
<b>Shareholders' deficit</b>			
Share capital	7	33,299,802	32,799,296
Contributed surplus		6,122,088	5,870,356
Deficit		(39,831,288)	(39,032,052)
<b>Total shareholders' deficit</b>		<b>(409,398)</b>	<b>(362,400)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>\$ 259,064</b>	<b>\$ 158,133</b>

Going concern (Note 1)  
Subsequent event (Note 17)

Approved on behalf of the Board of Directors:

{Signed}

Steve Vanry, Director

{Signed}

Paul McKenzie, Director

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

<b>For the years ended June 30</b>			2024	2023
	Note			
<b>Expenses</b>				
Wages and benefits		\$	97,378	\$ 103,702
General and administrative	13		301,668	1,541,031
Professional fees	13		101,395	316,733
Listing and filing fees			36,952	82,991
Write-off of recycled equipment	4		–	3,304
Amortization	4, 5		676	1,252,798
Impairment of intangible assets	5		–	4,381,415
Impairment of harmonized tax receivable	11		29,586	192,377
Share-based payments	9, 13		238,082	1,630,146
Net finance expense (income)	10		2,991	(4,202)
Foreign exchange gain			(9,492)	(3,862)
<b>Total expenses</b>			<b>799,236</b>	<b>9,496,433</b>
<b>Loss and comprehensive loss</b>		\$	<b>(799,236)</b>	<b>\$ (9,496,433)</b>
<b>Loss per share – basic and diluted</b>	12	\$	<b>(0.14)</b>	<b>\$ (2.24)</b>

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

	Note	Share Capital	Contributed Surplus	Deficit	Total Shareholders' (Deficit) Equity
Balance, June 30, 2022		\$ 32,799,296	\$ 4,240,210	\$ (29,535,619)	\$ 7,503,887
Share-based payments	9	–	1,630,146	–	1,630,146
Loss for the year		–	–	(9,496,433)	(9,496,433)
Balance, June 30, 2023		32,799,296	5,870,356	(39,032,052)	(362,400)
Unit private placement, net of share issue costs	7	500,506	13,650	–	514,156
Share-based payments	9	–	238,082	–	238,082
Loss for the year		–	–	(799,236)	(799,236)
Balance, June 30, 2024		\$ 33,299,802	\$ 6,122,088	\$ (39,831,288)	\$ (409,398)

*The accompanying notes are an integral part of these consolidated financial statements.*

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

<b>For the years ended June 30</b>	Note	2024	2023
<b>Operating activities</b>			
Loss for the year		\$ (799,236)	\$ (9,496,433)
Items not affecting cash:			
Write-off of recycled equipment	4	–	3,304
Amortization	4, 5	676	1,252,798
Impairment of intangible assets	5	–	4,381,415
Impairment of harmonized tax receivable	11	29,586	192,377
Share-based payments	9	238,082	1,630,146
Finance expense	10	4,619	2,721
Change in non-cash working capital:			
Harmonized sales tax receivable		24,242	(76,692)
Prepaid expenses		9,797	521,828
Accounts payable and accrued liabilities		143,310	27,399
<b>Net cash used in operating activities</b>		<b>(348,924)</b>	<b>(1,561,137)</b>
<b>Financing activities</b>			
Private placement proceeds	7	551,590	–
Share issue costs	7	(37,434)	–
<b>Net cash provided by financing activities</b>		<b>514,156</b>	<b>–</b>
<b>Investing activities</b>			
Purchase of equipment	4	–	(1,523)
Purchase of intangible assets	4	–	(297,500)
<b>Net cash used in investing activities</b>		<b>–</b>	<b>(299,023)</b>
<b>Change in cash and cash equivalents</b>		<b>165,232</b>	<b>(1,860,160)</b>
Cash and cash equivalents, beginning of year		88,944	1,949,104
<b>Cash and cash equivalents, end of year</b>		<b>\$ 254,176</b>	<b>\$ 88,944</b>
<b>Cash and cash equivalents are comprised of:</b>			
Cash		\$ 232,625	\$ 68,944
Redeemable term deposit		21,551	20,000
		<b>\$ 254,176</b>	<b>\$ 88,944</b>

**DeepMarkit Corp.**  
**Notes to the Consolidated Financial Statements**  
**For the years ended June 30, 2024 and 2023**  
**(In Canadian dollars)**

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**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 – 15<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, T2R 0R4.

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

The Company has not achieved profitable operations since its inception and to date has had limited sources of revenue. As at June 30, 2024, the Company had an accumulated deficit of \$39,831,288 (June 30, 2023 – \$39,032,052) and working capital deficit of \$367,693 (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 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.

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

**2. BASIS OF PRESENTATION**

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on September 5, 2024.

**DeepMarkit Corp.**  
**Notes to the Consolidated Financial Statements**  
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(b) Basis of consolidation

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

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

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

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

(c) Basis of measurement

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

(d) Segmented information

The Company operates in one reportable segment. Segments are defined as components for which separate financial information is available and regularly evaluated by the chief operating decision maker.

(e) Functional and presentation currency

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

(f) Adoption of amended accounting standards

The Company adopted the following amendments to IFRS that are mandatorily effective for the Company’s accounting periods beginning on or after July 1, 2023. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

*IAS 1 Presentation of Financial Statements*

Amendments to IAS 1 require that companies disclose their material accounting policies rather than their significant accounting policies and explain how a company identifies its material accounting policies.

*IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

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

*IAS 12 Income Taxes*

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

(g) Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make

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**Notes to the Consolidated Financial Statements**  
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judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

(i) Going concern

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

(ii) Impairment of non-financial assets

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

(iii) Fair value of warrants

The fair value of broker compensation warrants is measured on the date of issuance using a pricing model, such as Black-Scholes, that takes into account the terms and conditions upon which the warrants were issued. Measurement inputs include the Company's share price on the measurement date, the exercise price of the warrants, the expected volatility of the Company's shares, the expected life of the warrants and the risk-free rate of return. The Company estimates volatility based on historical volatilities of its own common shares and of publicly traded peer companies. The expected life of warrants is based on historical experience and estimates of the holder's behavior. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future.

### **3. MATERIAL ACCOUNTING POLICIES**

An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company's consolidated financial statements. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Company's material accounting policies are as follows:

(a) Cash and cash equivalents

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Cash and cash equivalents include cash and redeemable term deposits at banking institutions with original maturities of three months or less.

(b) Intangible assets

Intangible assets consist of acquired development intellectual property. Intangible assets are accounted for at cost less accumulated amortization and impairment losses. Intellectual property has a finite useful life and is carried at cost less accumulated amortization and accumulated impairment losses.

In addition, the Company may capitalize development costs to intangible assets if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset.

Intangible assets were amortized on straight-line basis over the estimated useful life of three years commencing in November 2022, when the Company completed development and put the related asset to use.

(c) Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, when events or changes in circumstances indicate the assets may not be recoverable at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Assets carried at fair value are excluded from impairment analysis.

The recoverable amount is the higher of fair value, less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant.

If the recoverable amount of an asset or CGU is estimated to be less than their carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net income. Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU. Impairments of goodwill cannot be reversed. Impairments of other assets recognized in prior periods are assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

(d) Share capital

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

Consideration received on the sale of a unit is allocated, within equity, to the respective instruments based on fair values using the residual value method whereby fair value is assigned to the more readily determinable instrument, being the common share, with the remaining allocated to the warrant. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity.

The fair value of warrants issued as compensation to brokers in connection with a share issuance is measured on the date of issuance using a pricing model, such as Black-Scholes.

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(e) Loss per share

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

(f) Share-based payments

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

These stock option share-based payments are measured at the fair value of the stock options on the grant date and are recognized as an expense with the offsetting credit as an increase to contributed surplus.

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

RSUs granted by the Company may be settled by issuing one common share for each RSU or in cash, or some combination thereof, at the Company's option as determined at the time of grant. RSUs are accounted for as equity-settled share-based payments.

The fair value of RSUs is estimated based on the market value of the Company's common shares on the date of grant and is recognized as share-based payment expense, with a corresponding increase in contributed surplus, over the vesting period, based on the Company's estimate of RSUs that will eventually vest.

Upon settlement of the RSUs, if the Company elects to settle in cash, the cash payment is recognized as a repurchase of equity; if the Company elects to settle by issuing one common share for each RSU settled, no further accounting is required.

(g) Financial instruments

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

The Company's financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit or loss ("FVTPL"). The Company's financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL. The Company does not have any financial assets or liabilities measured at fair value through other comprehensive income (loss).

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

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

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immediately to the consolidated statements of loss and comprehensive loss.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of loss and comprehensive loss.

(h) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for objective evidence of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of financial asset have been affected. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recognized in profit or loss and reflected as an allowance against the related financial instrument. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Taxes

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

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

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

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

(j) Finance income and expenses

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

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

(k) Foreign currencies

Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. The Company's consolidated financial statements include monetary items, such as bank accounts and certain accounts payable, denominated in United States dollars. At the end of each reporting period, these monetary items are translated to CAD at the rates prevailing at that date. Exchange differences on monetary items are recognized in the consolidated statement of loss and comprehensive loss in the period in which they arise.

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(l) Amendments to standards not yet adopted

The Company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that the following amendment is applicable to the Company but is not expected to have a material impact:

*Amendments to IAS 1 Presentation of Financial Statements*

Effective for the Company on July 1, 2024, amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current.

**4. EQUIPMENT**

<b>Cost</b>	
Balance, June 30, 2022	\$ 47,858
Additions	1,523
Write-off recycled equipment	(30,803)
<b>Balance, June 30, 2023 and 2024</b>	<b>18,578</b>
<b>Accumulated amortization</b>	
Balance, June 30, 2022	\$ 42,859
Amortization	964
Write-off recycled equipment	(27,499)
<b>Balance, June 30, 2023</b>	<b>16,324</b>
Amortization	676
<b>Balance, June 30, 2024</b>	<b>17,000</b>
<b>Net carrying amount</b>	
As at June 30, 2023	\$ 2,254
As at June 30, 2024	\$ 1,578

During the year ended June 30, 2023, the Company wrote-off obsolete equipment that was recycled.

**5. INTANGIBLE ASSETS**

Intangible assets are comprised of the MintCarbon.io platform (the "Platform"), a web-based software as a service platform that facilitates the minting of carbon offsets into non-fungible tokens.

<b>Cost</b>	
Balance, June 30, 2022	\$ 7,459,749
Additions	297,500
<b>Balance, June 30, 2023 and 2024</b>	<b>\$ 7,757,249</b>
<b>Accumulated amortization and impairment</b>	
Balance, June 30, 2022	\$ 2,124,000
Amortization	1,251,834
Impairment	4,381,415
<b>Balance, June 30, 2023 and 2024</b>	<b>\$ 7,757,249</b>
<b>Net carrying amount</b>	
As at June 30, 2023	\$ —
As at June 30, 2024	\$ —

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Impairment

On June 30, 2023, 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, 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 of impairment.

**6. CEBA LOAN**

The Company received a \$60,000 Canadian Emergency Business Account ("CEBA") loan from the Canadian federal government in 2021 as a business support measure for COVID-19 which provided for forgiveness of 33% of the loan balance if the loan is repaid before the loan forgiveness deadline. The benefit of the \$20,000 forgiveness was recognized as income in 2021 resulting in a loan balance of \$40,000.

The Company was unable to repay the CEBA loan on or before January 18, 2024, at which time the CEBA loan converted to a term loan bearing interest at 5% per annum payable monthly, with full principal repayment due on December 31, 2026. As a result, the CEBA loan balance has been increased by the previously recognized \$20,000 forgivable portion and subsequently reduced by \$18,217 for the effect of reporting the CEBA loan at amortized cost based on future cash flows discounted at 14% per annum. The reported amount of the CEBA loan will be accreted up to the \$60,000 contractual amount over the term of the loan commencing March 28, 2024.

As at June 30, 2024, the amortized cost of the CEBA loan was \$43,283. Accounts payable and accrued liabilities at June 30, 2024 includes \$1,336 of interest on the CEBA loan (Note 10).

Amortized cost, June 30, 2022	\$	37,279
Accretion		2,721
<hr/>		
Amortized cost, June 30, 2023		40,000
Reversal of forgiveness		20,000
Adjustment to amortized cost		(18,217)
Accretion		1,500
<hr/>		
Amortized cost, June 30, 2024	\$	43,283

**7. SHARE CAPITAL**

Authorized: Unlimited number of common shares with no par value  
 Unlimited number of preferred shares, issuable in series with no par value

Issued: Common shares

	Number of common shares	Amount
Balance, June 30, 2022 and June 30, 2023	4,246,571	\$ 32,799,296
Unit private placement (a)	950,000	95,000
Unit private placement (b)	4,726,497	283,590
Unit private placement (c)	1,730,000	173,000
Share issue costs (d)	—	(51,084)
<hr/>		
Balance, June 30, 2024	11,653,068	\$ 33,299,802

(a) On October 26, 2023, the Company completed a non-brokered private placement of 950,000 units at a price of \$0.10 per unit for aggregate gross proceeds of \$95,000. 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

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from the date of issuance. Using the residual value method, gross proceeds were allocated to the common shares with no residual allocation to the common share purchase warrants.

- (b) On May 3, 2024, the Company closed the first tranche of a non-brokered private placement, issuing 4,126,498 units at a price of \$0.06 per unit for gross proceeds of \$247,590. The Company closed the second tranche on May 10, 2024, issuing an additional 599,999 units for gross proceeds of \$36,000. 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 \$0.10 for a period of two years from the date of issuance of the units. Using the residual value method, gross proceeds were allocated to the common shares with no residual allocation to the common share purchase warrants.

The Company issued 130,082 broker compensation warrants entitling the holder thereof to receive one common share for each warrant at an exercise price of \$0.06 for a period of one year from the date of issuance.

- (c) On June 26, 2024, the Company closed the first tranche of a non-brokered private placement, issuing 1,730,000 units at a price of \$0.10 per unit for gross proceeds of \$173,000. 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. Using the residual value method, gross proceeds were allocated to the common shares with no residual allocation to the common share purchase warrants.

The Company issued the following broker compensation warrants:

- 23,100 warrants entitling the holder thereof to receive one common share for each warrant at an exercise price of \$0.10 for a period of one year from the date of issuance; and
  - 70,000 warrants entitling the holder thereof to receive one common share for each warrant at an exercise price of \$0.16 for a period of one year from the date of issuance.
- (d) In connection with the private placements, the Company paid cash finder's fees to qualified non-related parties in the aggregate amount of \$18,115, issued an aggregate of 223,182 broker compensation warrants and incurred \$19,319 of other cash issuance costs.

The aggregate issue date fair value of the broker compensation warrants was estimated to be \$13,650 using the Black-Scholes pricing model based on the following assumptions:

Expected volatility	78% – 123%	Expected dividend yield	0%
Expected life	1 year	Risk-free interest rate	4.04% – 4.16%

## 8. WARRANTS

	Number of warrants	Weighted average exercise price
Balance, June 30, 2022 and 2023	1,086,529	\$ 11.14
Expired	(628,400)	(10.45)
Issued (Note 7(a) and (c))	2,680,000	0.20
Issued (Note 7(b))	4,726,427	0.10
Issued (Note 7(d))	223,182	0.10
Balance, June 30, 2024	8,088,204	\$ 0.81

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Information about warrants outstanding at June 30, 2024 is as follows:

Number of warrants	Weighted average exercise price	Weighted average life remaining (years)
458,525	\$ 12.09	0.64
2,680,000	0.20	1.40
4,726,497	0.10	1.84
223,182	0.10	0.90
8,088,204	\$ 0.81	1.60

**9. STOCK OPTIONS AND RESTRICTED SHARE UNITS**

(a) Stock options

	Number of stock options	Weighted average exercise price
Balance, June 30, 2022	400,000	\$ 8.50
Cancelled (i)	(25,500)	(8.50)
Balance, June 30, 2023	374,500	6.00 (ii)
Expired	(374,500)	(6.00)
Balance, June 30, 2024	–	\$ –

- (i) On August 19, 2022, the Company cancelled 25,500 stock options exercisable at \$8.50 per common share.
- (ii) On October 4, 2022, the Company amended the exercise price of 374,500 stock options expiring on March 8, 2024 from \$8.50 per common share to \$6.00 per common share. The re-pricing was 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.

The impact of the modification was measured using the Black-Scholes pricing model based on expected volatility of 115%, a risk-free rate of 3.74% and a remaining life of 1.4 years.

(b) Restricted share units (“RSUs”)

As at June 30, 2023 and 2024, the Company had 395,000 RSUs outstanding related to 395,000 RSUs granted on August 19, 2022 to directors, officers, employees and consultants in accordance with the Company's equity compensation incentive plan and as compensation for ongoing services rendered to the Company. The RSUs vested on August 19, 2023, 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 market price of the Company's common shares on the grant date.

(c) Share-based payments

For the years ended June 30	2024	2023
In respect of:		
Stock options	\$ –	\$ 130,228
RSUs	238,082	1,499,918
	\$ 238,082	\$ 1,630,146

The remaining unrecognized fair value at June 30, 2024 is \$nil.

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**10. NET FINANCE EXPENSE (INCOME)**

For the years ended June 30	2024	2023
Net adjustment to CEBA loan (Note 6)	\$ 1,783	\$ –
Accretion of CEBA loan (Note 6)	1,500	2,721
Interest on CEBA loan (Note 6)	1,336	–
Interest income	(1,628)	(6,923)
	\$ 2,991	\$ (4,202)

During the year ended June 30, 2024, the Company paid \$nil (2023 – \$nil) of interest.

**11. IMPAIRMENT OF HARMONIZED TAX RECEIVABLE**

In the prior 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 \$29,586 of impairment of the harmonized tax receivable in the year ended June 30, 2024 (2023 – \$192,377).

**12. LOSS PER SHARE**

For the years ended June 30	2024	2023
Loss for the period	\$ (799,236)	\$ (9,496,433)
Basic and diluted <sup>(1)</sup> weighted average number of shares	5,646,726	4,246,571
	\$ (0.14)	\$ (2.24)

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

**13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

For the years ended June 30	2024	2023
Charged/earned by officers and directors of the Company		
Consulting fees (included in general and administrative expenses)	\$ 225,000	\$ 234,000
Professional fees	31,985	43,735
Share-based payments	49,726	341,753
	\$ 306,711	\$ 619,488
Charged by a company owned by a former director of the Company		
Rent (included in general and administrative expenses)	\$ –	\$ 2,000

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, 2024, key management personnel included 6 individuals (June 30, 2023 – 6 individuals). As at June 30, 2024, accounts payable and accrued liabilities included \$209,250 (June 30, 2023 – \$49,000) in respect of key management compensation and a non-interest bearing amount of \$305,834 (June 30, 2023 – \$305,834) in respect of key management compensation owing to a former director of the Company.

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**14. TAXES**

The following table reconciles the expected tax recovery to tax expense at the statutory tax rate:

For the years ended June 30	2024	2023
Loss before taxes	\$ (799,236)	\$ (9,496,433)
Statutory tax rate	23%	23%
Expected tax recovery	(184,000)	(2,184,000)
Non-deductible items	46,000	1,531,000
Tax return filings	(57,000)	–
Tax benefit not recognized	195,000	653,000
Tax expense	\$ –	\$ –

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

As at June 30	2024	2023
Non-capital and capital tax loss carryforwards	\$ 5,618,000	\$ 5,548,000
Equipment and intangible assets	177,000	32,000
Reserves	81,000	81,000
Share issue costs	45,000	61,000
CEBA loan	(4,000)	–
	5,917,000	5,722,000
Accumulated tax benefits not recognized	(5,917,000)	(5,722,000)
	\$ –	\$ –

Details of unrecognized deductible temporary differences are as follows:

As at June 30	2024	2023
Equipment and intangible assets	\$ 456,000	\$ 141,000
Share issue costs	197,000	263,000
Reserves	356,000	356,000
Capital losses	6,998,000	6,998,000
Non-capital losses	21,220,000	20,623,000
	\$ 29,227,000	\$ 28,381,000

As at June 30, 2024, the Company has approximately \$20,924,000 of non-capital losses available for carry-forward against taxable income which will begin to expire in 2028 and \$6,998,000 of capital losses available for carry-forward against capital gains which do not expire.

During the year ended June 30, 2024, the Company paid \$nil (June 30, 2023 – \$nil) of taxes.

**15. FINANCIAL INSTRUMENTS AND RISK FACTORS**

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

*Fair value hierarchy*

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

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

The Company is exposed to the following risks as at June 30, 2024 and 2023:

*Credit risk*

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

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

*Interest rate risk*

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

*Currency risk*

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company minimizes its currency risk by maintaining the majority of its liquid assets in stable currencies, including Canadian and US currencies. The Company holds United States dollars ("USD"); a 10% change in the exchange rate between CAD and USD would result in the Company incurring a foreign currency gain or loss at June 30, 2024 of approximately \$2,210 (June 30, 2023 – \$1,900).

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. As at June 30, 2024, 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 \$254,176. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

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

	Carrying amount	Contractual cash flows	Due within 1 year	Due December 31, 2026
	\$	\$	\$	\$
Accounts payable and accrued liabilities	625,179	625,179	625,179	–
CEBA loan (Note 6)	43,283	60,000	–	60,000
	668,462	685,179	625,179	60,000

## **16. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are:

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

In the management of capital, the Company includes the CEBA loan of \$43,283 and shareholders' deficit of \$409,398 in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company (upon approval from its Board of Directors, as required) may issue additional capital primarily through equity financing. The Company has no externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended June 30, 2024 and 2023.

## **17. SUBSEQUENT EVENT**

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 connection with the second tranche of the private placement, the Company paid cash finder's fees to qualified non-related parties in the aggregate amount of \$4,200 and 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.