



## **DelphX Capital Markets Inc.**

### **Condensed Interim Consolidated Financial Statements**

**(Unaudited, expressed in Canadian dollars)**

**As at and for the three months ended  
March 31, 2024 and 2023**

**DelphX Capital Markets Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Unaudited, expressed in Canadian dollars)*

<b>As at</b>	<b>March 31, 2024</b>	December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash	28,824	136,172
Harmonized sales taxes recoverable	42,356	39,026
Deposits and prepaid expenses	57,571	61,880
<b>Total current assets</b>	<b>128,751</b>	237,078
<b>Total assets</b>	<b>128,751</b>	237,078
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities <i>(note 3)</i>	4,151,194	2,604,614
<b>Total liabilities</b>	<b>4,151,194</b>	2,604,614
<b>Shareholders' deficiency</b>		
Share capital <i>(note 5)</i>	24,865,441	24,371,626
Contributed surplus <i>(note 7)</i>	5,664,009	5,527,644
Warrants <i>(note 6)</i>	1,788,492	1,783,382
Deficit	(36,870,245)	(34,631,026)
Accumulated other comprehensive income	529,860	580,838
<b>Total shareholders' deficiency</b>	<b>(4,022,443)</b>	(2,367,536)
<b>Total liabilities and shareholders' deficiency</b>	<b>128,751</b>	237,078

*Going concern (note 1)*

*Subsequent events (notes 6 & 7 )*

*Approved for issuance by the Board on May 30, 2024*

*"Salim Hasham", Independent Director*

*"Steven Mannik", Independent Director*

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

# DelphX Capital Markets Inc.

## Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

(Unaudited, expressed in Canadian dollars except where otherwise noted)

	Three months ended March 31,	
	2024	2023
<b>Operating expenses</b>		
Administration	2,021,379	393,291
Legal and regulatory	12,873	10,913
Interest and bank charges	2,640	3,598
Investor relations and public reporting	53,968	34,773
Marketing and sales	12,443	129,186
Share-based compensation (note 7)	136,365	254,200
<b>Total operating expenses</b>	<b>2,239,668</b>	<b>825,961</b>
Other Income	449	-
<b>Net loss</b>	<b>(2,239,219)</b>	<b>(825,961)</b>
Items that may be reclassified subsequently to net loss:		
Foreign currency translation losses	(50,978)	(11,544)
<b>Total comprehensive loss</b>	<b>(2,290,197)</b>	<b>(837,505)</b>
<b>Basic &amp; diluted net loss per share (note 10)</b>	<b>(0.01)</b>	<b>(0.01)</b>

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

**DelphX Capital Markets Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**  
*(Unaudited, expressed in Canadian dollars, except where otherwise noted)*

	Share capital		Share subscription receivable	Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
	Number of shares	Amount						
Balance at December 31, 2023	150,755,407	24,371,626	-	1,783,382	5,527,644	580,838	(34,631,026)	(2,367,536)
<b>Shares issued for cash</b> (notes 5 & 8)	<b>3,904,166</b>	<b>513,500</b>	-	-	-	-	-	<b>513,500</b>
<b>Cost of issuance</b>	-	<b>(14,575)</b>	-	-	-	-	-	<b>(14,575)</b>
<b>Finder warrants issued</b> (note 6)	-	<b>(5,110)</b>	-	<b>5,110</b>	-	-	-	-
<b>Share-based compensation</b> (note 7)	-	-	-	-	<b>136,365</b>	-	-	<b>136,365</b>
<b>Loss and comprehensive loss</b>	-	-	-	-	-	<b>(50,978)</b>	<b>(2,239,219)</b>	<b>(2,290,197)</b>
<b>Balance at March 31, 2024</b>	<b>154,659,573</b>	<b>24,865,441</b>	-	<b>1,788,492</b>	<b>5,664,009</b>	<b>529,860</b>	<b>(36,870,245)</b>	<b>(4,022,443)</b>
Balance at December 31, 2022	133,514,823	22,703,718	(100,000)	1,761,886	4,844,144	487,093	(32,587,553)	(2,890,712)
Shares issued for cash	5,501,666	648,932	100,000	-	-	-	-	748,932
Cost of issuance	-	(11,250)	-	11,250	-	-	-	-
Share-based compensation	-	-	-	-	254,200	-	-	254,200
Loss and comprehensive loss	-	-	-	-	-	(11,544)	(825,961)	(837,505)
Balance at March 31, 2023	139,016,489	23,341,400	-	1,773,136	5,098,344	475,549	(33,413,514)	(2,725,085)

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

**DelphX Capital Markets Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Unaudited, expressed in Canadian dollars)*

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net loss	<b>(2,239,219)</b>	(825,961)
Non-cash items:		
Share-based compensation	<b>136,365</b>	254,200
	<b>(2,102,854)</b>	(571,761)
<b>Net change in non-cash working capital related to operations</b>		
Harmonized sales taxes recoverable	<b>(3,330)</b>	(17,726)
Deposits and prepaid expenses	<b>4,309</b>	29,459
Accounts payable and accrued liabilities	<b>1,546,580</b>	(227,317)
Due to related parties	<b>-</b>	(135)
<b>Cash used for operating activities</b>	<b>(555,295)</b>	(787,480)
<b>Financing activities</b>		
Issuance of common shares (net of issuance costs)	<b>498,925</b>	737,682
<b>Cash provided from financing activities</b>	<b>498,925</b>	737,682
Effect of foreign currency translation	<b>(50,978)</b>	(294)
<b>Decrease in cash for the period</b>	<b>(107,348)</b>	(50,092)
Cash, beginning of the year	<b>136,172</b>	263,569
<b>Cash, end of the period</b>	<b>28,824</b>	213,477

For the three months ended March 31, 2024 and 2023, there were nominal amounts of cash interest paid.

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

**DelphX Capital Markets Inc.**  
**As at and for the three months ended March 31, 2024 and 2023**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
*(Unaudited, expressed in Canadian dollars, except where otherwise noted)*

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**1. General information and going concern**

DelphX Capital Markets Inc. ("**DelphX**" or the "**Company**") was incorporated as Seaside Exploration Partners Corp. ("**Seaside**") on October 21, 2016, pursuant to the *Business Corporations Act* (British Columbia), and was a Capital Pool Company, pursuant to the policies of the TSX Venture Exchange ("**TSXV**"). On April 25, 2018, DelphX Corporation and Seaside completed a Qualifying Transaction ("**QT**"), as is defined pursuant to TSXV Policy 2.4, pursuant to a definitive share-exchange agreement dated December 12, 2017. The QT constituted a reverse take-over ("**RTO**") of Seaside.

The principal address of the Company is 15 Prince Arthur Street, Toronto, Ontario, M5R 1B2. DelphX's principal business activity is to develop a global facility for transparent offering, purchase, sale, collection and storage of certain fixed income securities and derivatives, and to manage data, research, analytics and valuations of such instruments.

These unaudited interim condensed consolidated financial statements (the "**Financial Statements**") have been prepared using International Financial Reporting Standards ("**IFRS**") applicable to going concern, which contemplates the realization of assets and settlement of liabilities as they fall due in the normal course of business for the foreseeable future. The Company is in the development stage and has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations. DelphX's ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. These material uncertainties cast significant doubt as to the ability of the Company to continue as a going concern. The Financial Statements do not reflect the adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**2. Basis of preparation**

**Statement of compliance**

The Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for full annual financial statements. The Financial Statements should be read conjunction with the Company's most recent annual financial statements for the years ended December 31, 2023 and 2022 ("**Annual Financial Statements**") which were prepared in conformity with IFRS as issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee

**Basis of presentation and measurement**

The Financial Statements have been prepared on an accrual basis and are based on historical cost basis, except for certain financial instruments that are measured on amortized cost or fair value.

These Financial Statements follow the same accounting policies and methods of application, basis of measurement, critical accounting judgements and significant estimates used to prepare the Annual Financial Statements.

Prior period amounts have been reclassified as required to conform with the current period presentation.

**DelphX Capital Markets Inc.**  
**As at and for the three months ended March 31, 2024 and 2023**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
*(Unaudited, expressed in Canadian dollars, except where otherwise noted)*

The Financial Statements were approved and authorized for issuance by the Board on May 30, 2024.

**Basis of consolidation and foreign currency translation**

The Financial Statements include the accounts of the Company and its directly and indirectly wholly-owned subsidiaries. All inter-company transactions, balances, income and expenses between the consolidated entities are eliminated on consolidation.

The Company's presentation currency is the Canadian dollar which is also its functional currency. The functional currencies of the Company's subsidiaries were determined based on the principal currency of the economic environment in which each entity operates. The application of foreign currency translation adjustments are detailed in the Annual Financial Statements.

Details on the Company's subsidiaries are as follows:

<b>Subsidiary</b>	<b>Jurisdiction</b>	<b>Incorporation date</b>	<b>Functional currency</b>	<b>Status</b>
DelphX Corporation	Delaware, USA	February 18, 2016	United States dollar	Active
DelphX Services Corporation	United States	August 4, 2011	United States dollar	Active
DelphX Data Corporation	Canada	February 21, 2018	Canadian dollar	Active
Quantem Capital LLC	Delaware, USA	September 3, 2021	United States dollar	Active
Quantem Capital Corporation	Bermuda	April 11, 2018	United States dollar	Inactive

**3. Accounts payable and accrued liabilities**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Administration	<b>2,167,512</b>	679,197
Investor relations and public reporting	<b>20,100</b>	13,027
Legal and regulatory	<b>1,900,302</b>	1,845,803
Research and development	<b>63,280</b>	66,587
	<b>4,151,194</b>	2,604,614

**4. Capital management**

The Company's main objective in managing capital is to ensure sufficient liquidity to pursue and fund product development, production and promotion. Secondly, the Company strives to continue to fund its growth strategy, while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is considered to be its shareholders' equity (deficiency). The Company's primary uses of capital are financing operations to support the launch of the Company's Credit Rating Security ("CRS") product. The Company currently funds these requirements from existing cash resources and/or cash raised through the issuance of equity. The Company's objectives when managing capital is to ensure the Company will continue to have enough liquidity so that it can provide its products and services to customers and returns to its shareholders. The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan.

**DelphX Capital Markets Inc.**  
**As at and for the three months ended March 31, 2024 and 2023**  
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Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2024. The Company is not subject to any significant capital requirements by lending institution or regulatory body, other than by the continued listing requirements of the TSXV.

## **5. Share capital**

### Authorized

DelphX's authorized share capital consists of an unlimited number of common shares at no par value.

### Issued and outstanding

As at March 31, 2024, the Company had 154,659,573 common shares outstanding (December 31, 2023 – 150,755,407).

On January 30, 2024, the Company successfully closed the issuance of 3,904,166 Units at a subscription price of \$0.12 per unit for gross proceeds of \$468,500 (the "**January 2024 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20, for a period of two years from the date of issuance. The securities issued will be subject to a hold period of four months plus one day from the date of issuance. In connection with the January 2024 Offering, the Company paid a cash finder's fee of \$8,400 and issued 70,000 finders' warrants. The Finders' Warrants will be exercisable at \$0.20 each for a period of two years after issuance.

After the reporting date, the following securities transacted:

On April 23, 2024, the Company successfully closed the issuance of 5,000,000 Units at a subscription price of \$0.08 per unit for gross proceeds of \$400,000 (the "**April 2024 Offering**"). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20, for a period of five years from the date of issuance. The securities issued will be subject to a hold period of four months plus one day from the date of issuance. In connection with the April 2024 Offering, the Company paid a cash finder's fee of \$11,200 and issued 140,000 finders' warrants. The Finders' Warrants will be exercisable at \$0.20 each for a period of five years after issuance.

## **6. Warrants**

Warrants issued during the three months ended March 31, 2024 are in connection with the unit financings disclosed in note 5. They are comprised of 3,904,166 warrants issued as part of the private placement of units which were valued using the residual value method and 70,000 finders warrants. The fair value of the finders' warrants, being \$5,110, were estimated using the Black-Scholes option pricing model with the following assumptions:

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<b>Issuance</b>	<b>Number of finders warrants issued</b>	<b>Exercise price</b>	<b>Risk-free rate</b>	<b>Expected life</b>	<b>Estimated Volatility</b>	<b>Dividend Yield</b>
January 30, 2024	70,000	\$0.20	4.04%	2 years	127%	0%

The outstanding issued warrants balance as at March 31, 2024 is comprised of the following items:

<b>Number of Warrants</b>	<b>Type</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
8,116,500	Warrants	\$0.30	May 15, 2024
4,133,334	Warrants	\$0.24	May 31, 2024 <sup>(1)</sup>
4,825,715	Warrants	\$0.30	August 25, 2024
5,422,221	Warrants	\$0.15	November 29, 2024
5,501,666	Warrants	\$0.20	February 27, 2025
2,833,334	Warrants	\$0.08	March 26, 2025
160,000	Warrants	\$0.08	April 23, 2025
916,667	Warrants	\$0.08	April 24, 2025
4,718,332	Warrants	\$0.10	June 12, 2025
5,430,250	Warrants	\$0.20	June 29, 2025
2,825,000	Warrants	\$0.15	August 30, 2025
3,483,668	Warrants	\$0.20	November 2, 2025
5,680,000	Warrants	\$0.15	April 15, 2026
4,982,727	Warrants	\$0.35	May 27, 2027
3,904,166	Warrants	\$0.20	January 30, 2026
130,200	Finder Warrants	\$0.35	May 10, 2024
50,050	Finder Warrants	\$0.30	August 25, 2024
150,000	Finders Warrants	\$0.20	February 27, 2025
116,667	Finder Warrants	\$0.06	March 26, 2025
143,500	Finder Warrants	\$0.075	June 12, 2025
200,000	Finder Warrants	\$0.15	June 29, 2025
31,500	Finders Warrants	\$0.20	November 2, 2025
280,000	Finders Warrants	\$0.10	April 15, 2026
458,245	Finder Warrants	\$0.33	July 14, 2026
70,000	Finder Warrants	\$0.20	January 30, 2026
<b>64,563,742</b>			

<sup>(1)</sup> On May 17, 2023 the Company was granted permission by the Exchange to extend the expiry date of these warrants from May 31, 2023 to May 31, 2024.

After the reporting date, 8,116,500 warrants with an exercise price of \$0.30 expired on May 15, 2024 and 130,200 finder warrants with an exercise price of \$0.35 expired on May 10, 2024.

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**As at and for the three months ended March 31, 2024 and 2023**  
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**7. Contributed surplus**

**Options**

In accordance with the Plan, Options may be granted to certain officers, directors, employees, and consultants of the Company with a maximum term of 10 years and variable vesting as determined by the directors of the Company upon issuance. The Plan allows for the issuance of Options up to 10% of the issued and outstanding common shares. As at March 31, 2024, the Company had 1,920,957 (December 31, 2023 – 2,075,541) Options available for issuance. A continuity of the unexercised Options to purchase common shares is as follows:

	<b>Weighted average exercise price</b>	<b>Number of options</b>
Outstanding at December 31, 2023	\$0.23	13,000,000
<b>Issued</b>	\$0.21	1,545,000
<b>Expired and forfeited</b>	\$0.15	(1,000,000)
<b>Outstanding at March 31, 2024</b>	<b>\$0.23</b>	<b>13,545,000</b>
<b>Exercisable at March 31, 2024</b>	<b>\$0.23</b>	<b>13,545,000</b>

On January 8, 2024 and January 12, 2024, the Board of Directors approved the granting of 750,000 Options and 150,000 Options, respectively, to consultants and advisors under the Plan. The Options have a two-year maturity and are exercisable for common shares of the Company at an exercise price of \$0.25 per common share.

On February 27, 2024, 1,000,000 Options granted on April 26, 2023 with an exercise price of \$0.15 to a consultant expired following the termination of the agreement on November 29, 2023 which resulted in the acceleration of the Option expiry to 90 days following termination.

On March 17, 2024, the Board of Directors approved the granting of 645,000 Options to a consultant under the Plan. The Options have a two-year maturity and are exercisable for common shares of the Company at an exercise price of \$0.15 per common share.

The grant-date fair value for the 1,545,000 Options granted during the three months ended March 31, 2024 was estimated using the Black-Scholes option pricing model with the following assumptions:

<b>Date Issued</b>	<b>Number of options</b>	<b>Exercise price</b>	<b>Risk-free rate</b>	<b>Expected life</b>	<b>Estimated Volatility</b>	<b>Dividend Yield</b>	<b>Vested Fair value</b>
January 8, 2024	750,000	\$0.25	4.03%	2 years	126%	0%	61,500
January 12, 2024	150,000	\$0.23	4.03%	2 years	126%	0%	12,300
March 17, 2024	645,000	\$0.15	4.27%	2 years	128%	0%	62,565
	<b>1,545,000</b>						<b>136,365</b>

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The table below provides additional information regarding the outstanding Options as at March 31, 2024:

<b>Number outstanding</b>	<b>Number exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>	<b>Vested Fair Value</b>
1,200,000	1,200,000	\$0.50	April 7, 2024	321,600
300,000	300,000	\$0.20	May 7, 2024	39,875
1,500,000	1,500,000	\$0.25	September 9, 2024	156,000
950,000	950,000	\$0.15	December 23, 2024	50,350
650,000	650,000	\$0.15	January 18, 2025	60,450
750,000	750,000	\$0.20	February 9, 2025	86,250
1,250,000	1,250,000	\$0.20	March 8, 2025	107,500
1,975,000	1,975,000	\$0.20	July 7, 2025	86,900
1,100,000	1,100,000	\$0.20	July 28, 2025	42,900
2,325,000	2,325,000	\$0.25	December 7, 2025	232,500
750,000	750,000	\$0.25	January 8, 2026	61,500
150,000	150,000	\$0.25	January 12, 2026	12,300
645,000	645,000	\$0.15	March 17, 2026	62,565
<b>13,545,000</b>	<b>13,545,000</b>			

After the reporting date, the following changes to the outstanding number of options occurred:

On April 7, 2024, 1,200,000 Options with an exercise price of \$0.50 expired and on May 7, 2024, 300,000 Options with an exercise price of \$0.20 expired.

On May 13, 2024, the Board of Directors approved the granting of 3,918,000 Options to consultants and advisors under the Plan. The Options have a two-year maturity and are exercisable for common shares of the Company at an exercise price of \$0.25 per common share.

### **Share-based payments**

Vesting of Options accounted for share-based compensation for the three months ended March 31, 2024 of \$136,365 (2023- \$254,200) and has been expensed on the consolidated statements of comprehensive loss and accumulated other comprehensive loss.

## **8. Related party transactions and balances**

### Equity transactions

The private placements disclosed in note 5 during the three months ended March 31, 2024 included the issuance of 208,333 units to related parties for gross proceeds of \$25,000 in relation to the January 2024 Offering and initial proceeds of \$45,000 in relation to the April 2024 Offering (December 31, 2023 – 3,455,250 units for gross proceeds of \$284,420) and were subject to the same terms and conditions as those offerings disclosed under note 5.

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Key management compensation

Key management includes those individuals having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management includes the directors, the chief executive officer, the current and former chief financial officer and the chief actuary and risk officer. Compensation paid or accrued to key management is detailed below:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Compensation to key management	<b>142,692</b>	166,013

**9. Loss per share**

The calculation of per share amounts is based on the following:

	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net loss - basic	<b>(2,239,219)</b>	(825,961)
Effect of dilutive securities	-	-
Net loss - diluted	<b>(2,239,219)</b>	(825,961)
Weighted averages shares - basic	<b>153,372,485</b>	135,470,971
Effect of dilutive securities	-	-
Weighted average shares - diluted	<b>153,372,485</b>	135,470,971
Per share - basic	<b>(0.01)</b>	(0.01)
Per share - diluted	<b>(0.01)</b>	(0.01)

In computing per share amounts for the three months ended March 31, 2024, 13,545,000 Options (March 31, 2023 – 12,627,000) and 64,563,742 warrants (March 31, 2023 – 48,619,158) and were excluded as the Company had a net loss and their inclusion would be anti-dilutive.

**10. Financial instruments**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the financial instrument:

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying value of cash, harmonized sales taxes recoverable, deposits and prepaid expenses, accounts payable and accrued liabilities, and due to related party approximates fair value due to the short-term nature of these financial instruments.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the year.