BLOCKMINT

BLOCKMINT TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN UNITED STATES DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BlockMint Technologies Inc.:

Opinion

We have audited the consolidated financial statements of BlockMint Technologies Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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 in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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 audits 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 audits and remain alert for indications that the other information appears to be materially misstated. 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 in this auditor's report. 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 International Financial Reporting Standards, 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.

- 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 group 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.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 30, 2021

Blockmint Technologies Inc.
Consolidated Statements of Financial Position
(Expressed in United States Dollars)

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	**$ 2,600,962**	$ 2,957,158
Receivables	**3,455**	10,557
Prepaid expenses	**1,000**	1,000
Digital currency (note 7)	**-**	533
Total current assets	**2,605,417**	2,969,248
Intangible asset (note 9)	**-**	17,500
Total assets	**$ 2,605,417**	$ 2,986,748
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	**$ 61,889**	$ 24,397
Total current liabilities	**61,889**	24,397
Equity		
Share capital (note 10)	**8,884,433**	8,884,433
Warrant reserve (note 11)	**17,500**	17,500
Contributed surplus	**30,300**	30,300
Foreign currency translation reserve	**13,495**	6,485
Deficit	**(6,402,200)**	(5,976,367)
Total equity	**2,543,528**	2,962,351
Total equity and liabilities	**$ 2,605,417**	$ 2,986,748

Nature of operations and going concern (note 1)
Subsequent event (note 15)

"Nelson Ijih", Director

"Colin Watt", Director

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

Blockmint Technologies Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating expenses		
Business development and promotion	**$ 8,599**	$ 13,853
Consulting (note 12)	**211,675**	221,403
Depreciation (note 8)	**-**	8,207
Management fees and salaries (note 12)	**100,275**	207,272
Office and miscellaneous	**24,652**	108,967
Professional fees (note 12)	**37,670**	60,994
Salaries and wages	**17,965**	60,284
Total operating expenses	**400,836**	680,980
Loss before other items	**(400,836)**	(680,980)
Foreign exchange (loss) gain	**(6,964)**	960
Impairment of assets (notes 8 and 9)	**(17,500)**	(10,259)
Revaluation of digital currency (note 7)	**(533)**	(19)
Transaction cost (note 6)	**-**	(3,458,766)
Net loss for the year	**$ (425,833)**	$ (4,149,064)
Other comprehensive income		
Gain on currency translation	**7,010**	6,485
Total comprehensive loss for the year	**$ (418,823)**	$ (4,142,579)
Basic and diluted net loss per share (note 13)	**$ (0.01)**	$ (0.10)
Weighted average number of common shares outstanding	**44,269,068**	41,800,927

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

Blockmint Technologies Inc.
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating activities		
Net loss for the year	**$ (425,833)**	$ (4,149,064)
Adjustments for:		
Depreciation	**-**	8,207
Revaluation of digital currency	**533**	19
Impairment of assets	**17,500**	10,259
Transaction cost	**-**	3,458,766
Changes in non-cash working capital items:		
Receivables and prepaid expenses	**7,102**	47,600
Accounts payable and accrued liabilities	**37,492**	(65,735)
Net cash used in operating activities	**(363,206)**	(689,948)
Investing activities		
Cash from Arrangement Agreement	**-**	408,219
Net cash provided by investing activity	**-**	408,219
Foreign exchange effect on cash	**7,010**	6,485
Net change in cash	**(356,196)**	(275,244)
Cash, beginning of year	**2,957,158**	3,232,402
Cash, end of year	**$ 2,600,962**	$ 2,957,158

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

Blockmint Technologies Inc.
Consolidated Statements of Changes in Equity
(Expressed in United States Dollars)

	Share capital	Warrant reserve	Contributed Surplus	Foreign currency translation reserve income	Deficit	Total
Balance, December 31, 2018	**$ 5,049,154**	**$ 47,800**	**$ -**	**$ -**	**$ (1,827,303)**	**$ 3,269,651**
Shares issued pursuant to Arrangement agreement (note 6)	3,835,279	-	-	-	-	3,835,279
Warrants expired	-	(30,300)	30,300	-	-	-
Currency translation	-	-	-	6,485	-	6,485
Net loss for the year	-	-	-	-	(4,149,064)	(4,149,064)
Balance, December 31, 2019	**$ 8,884,433**	**$ 17,500**	**$ 30,300**	**$ 6,485**	**$ (5,976,367)**	**$ 2,962,351**
Currency translation	-	-	-	7,010	-	7,010
Net loss for the year	-	-	-	-	(425,833)	(425,833)
Balance, December 31, 2020	**$ 8,884,433**	**$ 17,500**	**$ 30,300**	**$ 13,495**	**$ (6,402,200)**	**$ 2,543,528**

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

1. Nature of operations and going concern

Blockmint Technologies Inc. (the "Company") is a publicly traded company whose shares are listed on the TSX-V under the trading symbol BKMT. BlockMint (Canada) Technologies Inc. ("BlockMint-Canada"), a wholly owned subsidiary of the Company, was incorporated on December 22, 2017 pursuant to the British Columbia Business Corporations Act. BlockMint-Canada and its subsidiary, BlockMint (USA) Technologies Inc. ("BlockMint-USA") are in the business of developing distributed systems and networks that enable a more decentralized deployment of blockchain based applications such as cryptocurrency mining. BlockMint-USA was incorporated under the laws of the State of Delaware on March 6, 2018.

On February 19, 2019, the Company completed a triangular amalgamation whereby BlockMint-Canada shares were exchanged for SMC Ventures Inc. ("SMC") shares on the basis of 1.33 post-consolidated SMC share for each one (1) BlockMint-Canada share (the "Amalgamation") (see note 6). The Amalgamation was accounted for as a reverse takeover ("RTO") whereby BlockMint-Canada was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of BlockMint-Canada and the comparative figures presented in the consolidated financial statements prior to the RTO are those of BlockMint-Canada.

The Company's registered office address is located at 29th Floor, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

Going concern

The Company does not generate revenue from operations. The Company incurred a net loss for the year ended December 31, 2020 of $425,833 (year ended December 31, 2019 - $4,149,064) and had an accumulated deficit of $6,402,200 at December 31, 2020 (December 31, 2019 - $5,976,367). These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. As at December 31, 2020, the Company had a working capital balance of $2,543,528 (December 31, 2019 - $2,944,851).

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. However, currently COVID-19 did not have a significant impact on the Company's operations and access to financial markets.

These consolidated financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. Accordingly they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those presented in these consolidated financial statements.

2. Basis of presentation

These consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Furthermore, these consolidated financial statements are presented in United States dollars ("USD") which is the functional currency of the Company and its wholly owned subsidiaries.

These consolidated financial statements were approved for issuance by the Board of Directors on April 29, 2021.

3. Significant accounting policies

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value through profit or loss or other comprehensive income.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Company. The Company has two wholly owned subsidiaries, BlockMint Canada, incorporated under the laws of British Columbia, and, BlockMint-USA, incorporated under the laws of the State of Delaware.

Transactions eliminated upon consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency transactions

Transactions in currencies other than the Company’s functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the consolidated statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

For consolidation purposes, the assets and liabilities of entities in the Group that have a functional currency different from the Group's functional currency, are translated to the Group's functional currency using the exchange rate prevailing at the financial position date. The income and expenses of foreign operations are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recognized directly in other comprehensive income.

3. Significant accounting policies (continued)

Revenue recognition

Revenue is recognized for the fair value of consideration received or receivable for the provision of services in the ordinary course of business.

The Company derives revenue from digital currency received for providing “mining” services to various digital currencies validating a blockchain. Mining is the process by which transactions are verified and added to the blockchain by solving complex computation puzzles.

Revenue is recognized according to the five-step model in IFRS 15, Revenue from Contracts with Customers. Digital currency mining is the ordinary business activity of the Company, and the consideration received meets the definition of revenue as income arising in the course of the Company's ordinary activities. The Company has determined that the substance of its mining activities is a service provision under the scope of IFRS 15 notwithstanding the lack of a formal contractual arrangement under which it provides such services as the services are provided through the blockchain protocol. There is no collaboration arrangement within the blockchain, and the Company’s rights and obligations are implied by the customary business practices prevalent within the industry.

Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows of a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

3. Significant accounting policies (continued)

Financial instruments (continued)

Classification and Measurement (continued)

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability subsequently measured at amortized cost or FVOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial instruments classified as FVTPL are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified as subsequently measured at amortized cost. The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Interest expense is reported in profit or loss.

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Digital currency

Digital currencies consist of cryptocurrency assets such as Monero and are included in current assets. Digital currencies are carried at their fair market value and adjusted at each reporting date for revaluation gains and losses through profit or loss and when exchanged or sold for traditional (fiat) currencies, such as the US dollar.

3. Significant accounting policies (continued)

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditures required to make the equipment ready for use. Repairs and maintenance are charged to profit or loss as incurred. Expenditures that extend the estimated life of an asset are capitalized.

Depreciation is provided annually on assets over their estimated useful lives, as follows:

Asset	**Estimated useful life / Asset depreciation method**
Computer mining equipment	3 years straight-line
Furniture & equipment	3 years straight-line

The assets' residual values, useful lives and methods of depreciation are reviewed at each fiscal year end and adjusted prospectively, if appropriate. Depreciation is recognized in profit or loss.

An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

Intangible asset

Intangible asset comprised of a Patent pending that was expected to be utilized in future operations of the Company, initially recorded at cost and subsequently carried at cost less accumulated amortization and impairment.

Impairment of non-financial assets

The Company determines at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated for valuation multiples or other available fair value indicators. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date of whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If an indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

3. Significant accounting policies (continued)

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is 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 income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction, either in other comprehensive loss or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Equity instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and currently issued warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are presented in equity as a deduction from the proceeds.

3. Significant accounting policies (continued)

Share-based transactions

Finders warrants

Finders warrants are issued as part of a private placement offering for common shares. Finders warrants are measured at fair value by using the Black-Scholes option pricing model at the date of the offering and presented as a separate component of shareholders' equity. When the finders warrants are exercised, the proceeds received together with the related amount allocated as a separate component of shareholders' equity are allocated to share capital. If the finders warrants expire unexercised, the related amount separately allocated to shareholders' equity is allocated to contributed surplus.

Expected volatility is estimated using the historical volatility of similar entities for a comparable period.

Share-based payments

The fair value of share options granted to employees is recognized as an expense in profit and loss over the vesting period with a corresponding increase in reserve for share-based payments. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share-based payments to non-employees are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures the value, and the corresponding increase in reserve for share-based payments, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

The fair value of unexercised options and finders warrants is adjusted to contributed surplus.

Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the net earnings applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. During the years ended December 31, 2020 and 2019, the calculation of diluted loss per share did not include the effect of potentially dilutive instruments outstanding as they are anti-dilutive.

3. Significant accounting policies (continued)

Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or events arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Going concern
As is common with development stage companies, factors that are used in determining the application of the going concern assumption, require management to take into account all available information about the future, which is at least, but not limited to, 12 months from the year end of the reporting period. The factors considered by management are disclosed in Note 1.

Functional currency
The determination of the functional currency of each entity in the group is a key judgment based on the primary economic environment in which each entity of the Company operates. In determining the functional currency, management considers the currency that most faithfully represents the economic effects of events, conditions, future direction and investment opportunities.

Income taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Because the Company is in a loss position, it has not recognized the value of any deferred tax assets in its consolidated statements of financial position.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment
Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. At December 2020, management concluded that the Company's equipment was impaired.

3. Significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

Estimates (continued)

Share-based payments and non-monetary transactions
Estimating fair value for share based payments and granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the issuance. These estimates also require determining the most appropriate inputs to the valuation model, including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Changes in accounting policies

New standards not yet adopted and interpretations issued but not yet effective

There are no relevant IFRS's or IFRS interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements.

4. Capital management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, debt financing or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital structure to consist of equity, which at December 31, 2020 totaled $2,543,528 (December 31, 2019 - $2,962,351). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and investing and financing activities.

5. Financial instruments and fair value risk management

Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – Value based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques based on inputs other than quoted prices that are observable for assets or liabilities, either directly (ie. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Valuation techniques using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

5. Financial instruments and risk management (continued)

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Liquidity Risk
- Credit Risk

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of four types of risk: currency risk, interest rate risk, crypto-currency risk and other price risk. It is management's opinion that the Company is not exposed to significant other price risk.

Currency risk
As at December 31, 2020, a portion of the Company's financial assets are held in Canadian dollars (CAD). The Company's objective in managing its currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in USD. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following CAD amounts are presented in USD to demonstrate the effect on profit or loss of changes in foreign exchange rates:

		December 31, 2020
Cash held in CAD	$	258,196
Cash value in USD		202,787
Accounts receivable and other receivables in CAD		4,399
Accounts receivable and other receivables in USD		3,455
Accounts payable and accruals in CAD		(49,281)
Accounts payable and accruals in USD		(38,705)
Effect of +/- 10% change in exchange rate	$	16,408

Interest rate risk
Interest rate risk is the risk that fair values or future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any interest bearing borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered financial institutions. Sensitivity to a plus or minus 1% change in the interest rates would have no significant impact on profit or loss.

Crypto-currency risk
The Company is exposed to risk with respect to cryptocurrency prices and valuations which are largely based on the supply and demand of these digital currencies and their acceptance in the financial market.

(Expressed in United States Dollars)

5. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company's objective is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due without incurring significant losses or risking damage to the Company's reputation. Managing liquidity is affected by the degree of certainty in cash flow projections.

At December 31, 2020, the Company had a cash balance of $2,600,962 and current liabilities of $61,889. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company commencing profitable operations and / or raising additional equity in excess of anticipated cash needs.

The following is a summary of the Company's material contractual obligations (representing undiscounted contractual cash flows):

	Due within				
	1 year	**2 Years**	**3 Years**	**Over 4 Years**	**Total**
Accounts payable and accrued liabilities	$ 61,889	$ -	$ -	$ -	$ 61,889

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash. The maximum credit risk represented by the Company's financial asset is represented by its carrying amount. Concentration of credit risk exists with respect to the Company's cash as substantially the entire amount is held at one major financial institution. Credit risk on cash is minimized by depositing with only reputable financial institutions.

6. Arrangement agreement

On July 10, 2018, BlockMint-Canada, SMC and 1166066 B.C. Ltd. ("SMC Subco"), a wholly-owned subsidiary of SMC, entered into an Arrangement Agreement whereby BlockMint-Canada agreed to amalgamate with SMC Subco, which would result in BlockMint-Canada and BlockMint-USA becoming wholly-owned subsidiaries of SMC. The Arrangement Agreement was amended on September 28, 2018 and on November 30, 2018.

On February 19, 2019, the Company closed its reverse takeover acquisition of BlockMint-Canada, whereby:

- SMC consolidated its 18,708,678 common shares on a two for one basis resulting in 9,354,387 post consolidation shares outstanding;
- BlockMint Technologies Inc. changed its name to Blockmint (Canada) Technologies Inc. and SMC changed its name to BlockMint Technologies Inc.;
- The Company issued 34,914,681 post-consolidation shares to the shareholders of BlockMint-Canada (1.33 post consolidation shares of the Company for each share of BlockMint-Canada);
- The Company issued 6,650,000 performance warrants in replacement of the 5,000,000 performance warrants outstanding in the capital of BlockMint-Canada and 152,498 finder's fee warrants in replacement of the 114,660 finder's fee warrants outstanding in the capital of BlockMint-Canada, each share purchase warrant entitling the holder to acquire one post consolidation share of the Company at the exercise price in the underlying BlockMint-Canada warrant.

(Expressed in United States Dollars)

6. Arrangement agreement (continued)

In accordance with IFRS 3, Business Combinations, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as SMC does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with BlockMint-Canada being identified as the acquirer and the equity consideration being measured at fair value. The resulting consolidated statement of financial position is presented as a continuance of BlockMint-Canada and comparative figures presented in the consolidated financial statements prior to the reverse takeover are those of BlockMint-Canada.

IFRS 2, Share-based Payment, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because BlockMint-Canada issued shares with a value in excess of the assets received, the difference is recognized in profit or loss as a transaction cost. The amount assigned to the transaction cost of $3,458,766 is the difference between the fair value of the consideration and the net identifiable assets of SMC acquired by BlockMint-Canada.

Consideration - Shares: SMC shareholders	$	3,835,279
Total consideration	$	3,835,279
Identifiable assets acquired		
Cash	$	408,219
Other receivables and prepaid expenses		6,657
Accounts payable and accrued liabilities		(38,363)
Net assets acquired	$	376,513
Transaction cost	**$**	**3,458,766**

7. Digital currency

Digital currency is measured at fair value using the quoted price on www.coinmarketcap.com. Management considers this fair value to be a Level 2 input under the IFRS 13 *Fair Value Measurement* fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the digital currency.

As at December 31, 2020, the Company’s digital currency consisted of Monero with a fair value of $nil (December 31, 2019 - $533). Digital currencies are recorded at their fair value on the date that they were received as revenues and are revalued to their current market value at each reporting date based on the closing price obtained from www.coinmarketcap.com.

(Expressed in United States Dollars)

8. Equipment

Cost	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2018, December 31, 2019 and December 31, 2020	**$ 150,660**	**$ 2,900**	**$ 153,560**

Accumulated depreciation	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2018	**$ 134,370**	**$ 724**	**$ 135,094**
Depreciation for the year	7,240	967	8,207
Impairment	9,050	1,209	10,259
Balance, December 31, 2019 and December 31, 2020	**$ 150,660**	**$ 2,900**	**$ 153,560**

Carrying amount	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2019 and December 31, 2020	**$ -**	**$ -**	**$ -**

Digital currencies have a limited history and pricing has been very volatile. Historical performance of digital currencies are not indicative of their future price performance. In 2019, the Company undertook a conservative approach and had no immediate plans to deploy additional blockchain based applications based on digital currency prices at the time. As a result the Company had taken an impairment charge equal to the carrying amount of equipment in 2019.

9. Intangible assets

	As at December 31, 2018	Write-off	As at December 31, 2019	Write-off	As at December 31, 2020
Patent pending (note 11)	**$ 17,500**	$ -	$ 17,500	$ (17,500)	**$ -**
	$ 17,500	$ -	$ 17,500	$ -	**$ -**

The patent application was not approved, as a result, the patent was fully impaired as at December 31, 2020.

(Expressed in United States Dollars)

10. Share capital

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. The holders of common shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2018	**26,251,640**	**$ 5,049,154**
Elimination of BlockMint-Canada (i)	(26,251,640)	-
Conversion of BlockMint-Canada (i)	34,914,681	-
Conversion of shares and consideration for RTO (note 6)	9,354,387	3,835,279
Balance, December 31, 2019 and December 31, 2020	**44,269,068**	**$ 8,884,433**

(i) On February 19, 2019, BlockMint-Canada, BlockMint-USA, SMC and 1166066 B.C. Ltd. (“SMC Subco”), a wholly-owned subsidiary of SMC, completed the Arrangement agreement whereby SMC issued 34,914,681 post-consolidation shares to the shareholders of BlockMint-Canada (1.33 post consolidation shares for each share of BlockMint-Canada).

The Amalgamation was accounted for as a RTO whereby BlockMint-Canada, was identified as the acquirer for accounting purposes (see note 6).

11. Warrant reserve

	Number of warrants	Weighted average exercise price
Balance, December 31, 2018	**6,802,498**	**$ 0.03**
Expired	(152,498)	0.37
Balance, December 31, 2019 and December 31, 2020	**6,650,000**	**$ 0.03**

The following table reflects the warrants issued and outstanding as of December 31, 2020:

Expiry date	Number of warrants	Grant date fair value	Exercise price
February 1, 2023 (1)	6,650,000	17,500	CDN 0.05

1) These are 6,650,000 bonus warrants to two officers. 3,325,000 of the bonus warrants are eligible for exercise provided at any time during the term the Company achieves at least cumulative gross revenue of $4,000,000. The balance of 3,325,000 warrants will be eligible for exercise when a further $4,000,000 of gross revenue is achieved by the Company (i.e. cumulative gross revenue of $8,000,000 from the date of issuance of the warrants)

(Expressed in United States Dollars)

12. Related party transactions

Key management personnel includes the Board of Directors of the Company, officers, and close family members and enterprises which are controlled by these individuals, as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties:

		Year Ended December 31, 2020	2019
Owen Bird Law Corporation	(i)	**$ 3,570**	$ 37,191
Bayswater Consulting Ltd.	(ii)	**8,924**	9,057
Marrelli Support Services Inc.	(iii)	**42,340**	37,641

(i) For the year ended December 31, 2020, the Company expensed profesional fees of $3,570 (year ended December 31, 2019 - $37,191) for legal services to Owen Bird Law Corporation, a legal firm of which Jeff Lightfoot is a shareholder. As at December 31, 2020, $1,472 (December 31, 2019 - $500) was payable to this party and the amount is included in accounts payable and accrued liabilities.

(ii) For the year ended December 31, 2020, the Company expensed consulting fees of $8,924 (year ended December 31, 2019 - $9,057) to a private company controlled by Erin Walmesley, the Company's corporate secretary, for corporate services.

(iii) For the year ended December 31, 2020, the Company expensed consulting fees of $42,340 (year ended December 31, 2019 - $37,641) to Marrelli Support Services Inc. ("Marrelli") for: Victor Hugo to act as the Chief Financial Officer of the Company; and for bookkeeping services. Victor Hugo is an employee of Marrelli. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at December 31, 2020, Marrelli was owed $9,722 (December 31, 2019 - $6,364), and the amount is included in accounts payable and accrued liabilities.

(b) Remuneration of key management personnel, which includes the directors and officers of the Company, other than consulting fees, was as follows:

	Year Ended December 31, 2020	2019
Management salaries	**$ 72,000**	$ 186,000
Directors fees	**28,275**	20,349
	$ 100,275	$ 206,349

As at December 31, 2020, directors and officers of the Company was owed $28,275 (December 31, 2019 - $nil), relating to fees and the amount is included in accounts payable and accrued liabilities.

(Expressed in United States Dollars)

13. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2020, was based on the loss attributable to common shareholders of $425,833 (year ended December 31, 2019 - $4,149,064) and the weighted average number of common shares outstanding of 44,269,068 (year ended December 31, 2019 - 41,800,927). Diluted loss per share did not include the effect of 6,650,000 warrants for the year ended December 31, 2020 (year ended December 31, 2019 - 6,650,000) as their effect is anti-dilutive.

14. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% to the effective tax rate is as follows:

		Year Ended December 31, 2020		December 31, 2019
Net income (loss) before income taxes	**$**	**(425,833)**	$	(4,149,064)
Income tax expense (recovery) at statutory rates		**(114,975)**	$	(1,120,000)
Permanent differences		**-**		934,000
Change in unrecognized temporary difference		**114,975**		186,000
Deferred income tax provision (recovery)	**$**	**-**	$	-

Unrecognized temporary differences

Deferred taxes is a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

		Canada		USA
Deferred tax assets				
Non capital losses carried forward	**$**	**2,275,000**	**$**	**1,653,000**
Share issue costs		**10,000**		**-**
		2,285,000		**1,653,000**
Unrecognized deferred tax assets		**(2,285,000)**		**(1,653,000)**
	$	**-**	**$**	**-**

The Company has non-capital losses of approximately $2,275,000 and $1,653,000 deductible against future taxable income in Canada and the US respectively. The Company's US non-capital losses can be carried forward indefinitely.

(Expressed in United States Dollars)

14. Income taxes (continued)

The Company's Canadian non-capital income tax losses expire as follows:

2026	$ 109,000
2027	90,000
2028	142,000
2029	95,000
2030	89,000
2031	142,000
2032	55,000
2033	102,000
2034	72,000
2035 to 2040	1,379,000
	$ 2,275,000

15. Subsequent event

(i) On January 26, 2021, the Company closed a non-brokered private placement and issued an aggregate of 3,846,154 common shares at a price of CDN$0.26 per common share to raise aggregate gross proceeds of CDN$1,000,000 ($787,300). In connection with the offering, the Company issued an aggregate of 127,383 finder's shares to certain brokerage firms.

(ii) On February 11, 2021, the Company granted stock options to certain of its directors, officers and consultants to purchase up to an aggregate of 1,250,000 common shares in the capital of the Company, exercisable over five years at a price of CDN$0.40 per share