



BLOCKMINT

BLOCKMINT TECHNOLOGIES INC.

(FORMERLY SMC VENTURES INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Introduction

The following Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of BlockMint Technologies Inc. (formerly SMC Ventures Inc.) (the "Company" or "BlockMint") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2019 and 2018, together with the notes thereto. **Results are reported in United State dollars, unless otherwise noted.** In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended December 31, 2019 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at April 24, 2020 unless otherwise indicated.

The consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

For the purposes of preparing this MD&A, management, in conjunction with the Audit Committee of the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of BlockMint's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Audit Committee of the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Specifically, the following forward-looking statements are based on the corresponding assumptions, and are subject to the noted risk factors:

Forward-looking statements	Assumptions	Risk factors
The Company's cash balance at December 31, 2019, is sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company's consolidated cash balance has diminished as a result of normal business operations and management is attempting to reduce payments to the extent practical.	The development and operating activities of the Company for the twelve-month period ending December 31, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; and the debt and equity markets, exchange and interest rates and other applicable economic conditions do not materially change.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; government regulation, cryptocurrency price fluctuations; interest rate and exchange rate fluctuations; changes in economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond BlockMint's ability to predict or control. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Readers should refer to those risk factors referenced in the "Risks and Uncertainties" section below.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause BlockMint's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

The Company's subsidiaries, BlockMint (Canada) Technologies Inc. (formerly BlockMint Technologies Inc.) ("BlockMint-Canada"), and its wholly owned 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.

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

The Company's objective is to develop distributed systems and networks that enable a more decentralized deployment of blockchain based applications. One such application is cryptocurrency mining, which relies on a decentralized blockchain network. The Company developed the Minter browser - the only secure and private browser where any person can mine cryptocurrency as they browse the web. In addition to being a web browser, Minter has additional integrated features, such as a virtual private network (VPN), ad-blocker and cryptocurrency wallet. The Minter browser was released in 2019 and it was made available for download at the website getminter.com.

The Company also intended to release a second software product referred to as MintAccess, which would allow website owners/hosts to earn cryptocurrency from users when they visit the owner's site by utilizing the site visitor's computing power from their connected device to mine cryptocurrency. With MintAccess, website owners could monetize the content on their site without having a site visitor pay a fee (no paywall or subscription fees) or view paid/sponsored advertisements (ads will not display). However, development of MintAccess was suspended in 2019 due to the depressed price of cryptocurrencies. The Company may resume development of the MintAccess software product when it believes there is a sufficient and sustainable market for the product.

Outlook and Overall Performance

Corporate

Business Development

On February 19, 2019, pursuant to an Arrangement Agreement among the Company, BlockMint-Canada and 1166066 B.C. Ltd. ("SMC Subco"), 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); and
- 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.

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction did not constitute a business combination as SMC did not meet the definition of a business under the standard. As a result, the transaction was 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 audited consolidated statement of financial position is presented as a continuance of BlockMint-Canada and comparative figures presented in the audited consolidated financial statements prior to the reverse takeover are those of BlockMint-Canada. See Note 6 to the Company's

financial statements for the fiscal year ended December 31, 2019 for details on the accounting of such transaction.

Financial highlights

The Company had no revenue, so its ability to ensure continuing operations is dependent on either expanding its business, or raising additional debt or equity financing.

For the year ended December 31, 2019, the Company had a net loss of \$4,149,064 consisted primarily of (i) transaction cost of \$3,458,766; (ii) consulting fees of \$221,403; (iii) management fees and salaries of \$207,272; and (iv) office and miscellaneous expenses of \$108,967.

At December 31, 2019, the Company had a net working capital of \$2,944,851 (December 31, 2018 – \$3,233,685). The Company had cash and cash equivalents of \$2,957,158 (December 31, 2018 - \$3,232,402). Working capital and cash and cash equivalents decreased during the year ended December 31, 2019 due to cash used in operating activities of \$683,463.

The Company has sufficient capital to meet its ongoing operating expenses and continue to meet its obligations on its current projects for the 12-month period ending December 31, 2020. Management may increase or decrease budgeted expenditures depending on the cryptocurrency market and demand for its two products. See "Liquidity and Financial Position" below.

Description of Business

As described above, the Company develops distributed systems and networks that enable a more decentralized deployment of blockchain based applications such as cryptocurrency mining. Currently, development and release of software products has been suspended due to the depressed price of cryptocurrencies. It is not known if or when the Company will resume the development and release of additional products..

Trends

The price of cryptocurrencies have been extremely volatile since BlockMint-USA first started operations. Specifically, the price of Monero, the cryptocurrency identified by BlockMint-USA to be central to its software products, traded at a high of approximately \$495 in January 2018 and recently traded at a low of approximately \$27 (www.coinmarketcap.com). Consequently, the market for the Company's products has declined, and it is uncertain whether the demand for such products will return. The Company determined in the first half of 2019 that it would suspend further development of its products pending the price of cryptocurrencies recovering to economic levels.

There have been recent wide fluctuations in the prices of several cryptocurrencies recently, leading to more speculation and trading, but higher prices have not been sustained or achieved to the level where the Company feels it can economically carry on its current business.

The most recent trend in global economic activity has been the slow-down caused by the COVID 19 pandemic. The impact of this unprecedented event on the future trading price of cryptocurrencies is unclear, however one possible scenario is that people will turn to cryptocurrencies instead of fiat currencies given the world governments' trend toward printing vast amounts of cash to offset the economic slow-down caused by the virus. The Company can offer no assurance that the price of cryptocurrencies will increase as a result of the pandemic.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risks and Uncertainties" below.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business opportunities which could entail direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Selected Annual Information

The following is selected financial data derived from the audited financial statements of the Company at and for the periods ended December 31, 2019, 2018 and 2017.

	Year ended December 31, 2019 \$	Year ended December 31, 2018 \$	Period from Incorporation, December 22, 2017 to December 31, 2017 \$
Revenue	Nil	1,583	Nil
Net loss	4,149,064	1,827,303	Nil
Basic and diluted loss	0.10	0.08	Nil
	As at December 31, 2019 \$	As at December 31, 2018 \$	As at December 31, 2017 \$
Total assets	2,986,748	3,321,420	1
Total liabilities	24,397	51,769	1

- The net loss of \$4,149,064 for the year ended December 31, 2019, consisted primarily of: (i) transaction cost of \$3,458,766; (ii) consulting fees of \$221,403; (iii) management fees and salaries of \$207,272; and (iv) office and miscellaneous expenses of \$108,967.
- The net loss of \$1,827,303 for the year ended December 31, 2018, consisted primarily of (i) consulting fees of \$473,717; (ii) management fees and salaries of \$372,902; (iii) office and miscellaneous expenses of \$349,074; (iv) salaries and wages of \$332,180; and (v) professional fees of \$145,571.

Summary of Quarterly Information

A summary of selected financial information of the Company for each of the eight most recently completed quarters prior to December 31, 2019 is as follows:

Three Months Ended	Total Revenue (\$)	Loss (Income)		Total Assets (\$)
		Total (\$)	Per Share (\$) ⁽¹⁾	
December 31, 2019	Nil	64,447	0.00	2,986,748
September 30, 2019	Nil	92,494	0.00	3,061,020
June 30, 2019	Nil	261,979	0.01	3,154,184
March 31, 2019	Nil	3,730,144	0.11	3,431,006
December 31, 2018	Nil	500,593	0.02	3,321,420
September 30, 2018	1,129	544,746	0.02	5,005,029
June 30, 2018	454	516,008	0.02	3,863,450
March 31, 2018	Nil	265,956	0.02	4,328,729

(1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Discussion of Operations

Three months ended December 31, 2019 compared with three months ended December 31, 2018

For the three months ended December 31, 2019, BlockMint's net loss was \$64,447 with basic loss per share of \$0.00. This compares with a net loss of \$500,593 with basic and diluted loss per share of \$0.02 for the three months ended December 31, 2018. The decrease of \$436,146 in net loss was principally because:

- Consulting fee for the three months ended December 31, 2019, was \$16,393, compared to \$120,530 for the three months ended December 31, 2018 and the decrease was due to a decrease in fees for business development, corporate finance advice and software development.
- For the three months ended December 31, 2019, the Company recorded an impairment on equipment of \$10,259, compared to \$96,704 for the three months ended December 31, 2018, as digital currencies have a limited history and recent prices have been very volatile. Historical performance of digital currencies is not indicative of their future price performance and the Company has undertaken a more conservative approach until digital currency prices recover.
- For the three months ended December 31, 2019, office and miscellaneous expenses decreased to \$10,029, compared to \$85,304 for the three months ended December 31, 2018, due to the decrease of short-term lease and lease hold expenses; and computer and software expenses.
- For the three months ended December 31, 2019, management fees and salaries decreased to \$24,258, compared to \$75,000 for the three months ended December 31, 2018, due to the conservation of cash.

Year ended December 31, 2019 compared with year ended December 31, 2018

BlockMint's net loss totaled \$4,149,064 for the year ended December 31, 2019, with basic and diluted loss per share of \$0.10. This compares with a net loss of \$1,827,303 with basic and diluted loss per share of \$0.08 for the year ended December 31, 2018. The increase in net loss of \$2,321,761 consisted primarily of:

- For the year ended December 31, 2019, transaction cost was \$3,458,766 (see "Outlook and Overall Performance" above);
- For the year ended December 31, 2019, the Company recorded operating expenses of \$680,980 compared to \$1,730,141 for the year ended December 31, 2018. The decrease was primarily due to a decrease in salaries and wages; consulting fees; management fees and salaries; and office and miscellaneous expenses as the Company downsized its operations in the United States.

Cash Flow

The Company had cash of \$2,957,158 at December 31, 2019 (December 31, 2018 - \$3,232,402). The change in cash during the year ended December 31, 2019 was primarily due to the cash used in operating activities and cash received from investment activities by acquiring SMC and funding operations.

Cash used in operating activities was \$683,463, for the year ended December 31, 2019. Operating activities were affected by net loss of \$4,149,064 and net changes in non-cash working capital balances due to a decrease in receivables and prepaid expenses of \$47,600; and offset by a decrease in accounts payable and accrued liabilities of \$65,735. The Company also recorded a transaction cost of \$3,458,766; impairment of equipment of \$10,259, depreciation of equipment of \$8,207; and foreign exchange of \$6,485. For the year ended December 31, 2018, cash used in operating activities was \$1,693,492. Operating activities were affected by the net decrease in non-cash, working capital balances due to an increase in prepaid expenses of \$52,500; an increase in digital currency of \$1,583; and offset by an increase in accounts payable and accrued liabilities of \$51,769. The Company also recorded an impairment of mining equipment of \$96,705; depreciation of equipment of \$38,390; and revaluation in digital currency of \$1,031.

Net cash provided by investing activities was \$408,219 during the year ended December 31, 2019, as the Company completed the Arrangement Agreement with SMC. During the year ended December 31, 2018, net cash used in investing activities was \$153,560, as the Company invested in mining and computer equipment (\$150,660); and furniture and equipment (\$2,900).

For the year ended December 31, 2018, cash provided by financing activities was \$5,079,453 primarily because of net proceeds from the issuance of common stock.

Liquidity and Capital Resources

The Company's activities have been financed through the completion of equity offerings. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

The Company has no significant revenues, and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and other financing transactions to maintain its capacity to meet ongoing operating activities. As of December 31, 2019, the Company had 6,650,000 warrants outstanding that would raise approximately \$250,000, if exercised in full; however all of the warrants are subject to the Company

meeting certain revenue thresholds so it is not anticipated that they will become exercisable in the next twelve months.

At December 31, 2019, the Company reported cash of \$2,957,158 (December 31, 2018 - \$3,232,402) and a net working capital of \$2,944,851 (December 31, 2018 - \$3,233,685). The net cash on hand as at December 31, 2019, is expected to be sufficient to meet the Company's liquidity requirements in 2020. Currently, the Company's operating expenses are approximately \$30,000 to \$40,000 per month for management fees, month-to-month professional fees, listing expenses and other working expenses. The Company's cash as at December 31, 2019 is expected to be sufficient to satisfy current liabilities and general and administrative costs up to December 31, 2020.

Accounting Pronouncements

Changes in accounting policy

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's audited consolidated financial statements.

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

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

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 "Liquidity and Capital Resources" above.

Functional currency

The determination of the Company's functional currency 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 year end, management concluded that the Company's mining equipment was impaired.

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.

Capital Risk 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, 2019 totaled \$2,962,351 (December 31, 2018 - \$3,269,651). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and investing and financing activities.

Financial 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 (ie. derived from prices); and
- Level 3 – Valuation techniques using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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, 2019, 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:

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	December 31, 2019	December 31, 2018
Cash held in CAD	\$381,496	\$66,646
Cash value in USD	\$293,714	\$48,852
Accounts receivable and other receivables in CAD	\$13,711	Nil
Accounts receivable and other receivables in USD	\$10,556	Nil
Accounts payable and accruals in CAD	(\$3,115)	(\$47,073)
Accounts payable and accruals in USD	(\$2,398)	(\$34,505)
Effect of +/- 10% change in exchange rate	\$29,132	\$1,435

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.

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, 2019, the Company had a cash balance of \$2,957,158 and current liabilities of \$24,397. 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	\$24,397	\$Nil	\$Nil	\$Nil	\$24,397

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 assets is represented by their carrying amounts.

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.

Share Capital

As of the date of this MD&A, the Company had 44,269,068 issued and outstanding common shares.

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
6,650,000	February 1, 2023	CDN \$0.05

Related Party Transactions

Related parties include the Board of Directors and officers of the Company, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount established and agreed to by the related parties.

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

Names	Year Ended December 31,	
	2019 (\$)	2018 (\$)
Owen Bird Law Corporation ⁽¹⁾	35,783	40,474
Bayswater Consulting Ltd. (Bayswater) ⁽²⁾	9,057	9,499
Marrelli Support Services Inc. ("Marrelli Support") ⁽³⁾	37,641	41,637

- 1) For the year ended December 31, 2019, the Company expensed \$35,783 (year ended December 31, 2018 - \$40,474) for legal services to Owen Bird Law Corporation, a legal firm of which Jeff Lightfoot is a shareholder. As at December 31, 2019, \$500 (December 31, 2018 - nil) was payable to this party and the amount is included in accounts payable and accrued liabilities.
- 2) For the year ended December 31, 2019, the Company expensed \$9,057 (year ended December 31, 2018 - \$9,499) to a private company controlled by Erin Walmsley, the Company's corporate secretary, for corporate services.
- 3) For the year ended December 31, 2019, the Company expensed \$37,641 (year ended December 31, 2018 - \$41,637) to Marrelli Support 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, 2019, Marrelli was owed \$6,328 (December 31, 2018 - \$17,845), and the amount is included in accounts payable and accrued liabilities.

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

Name	Salaries and wages		Fees		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
Nelson Ijih, CEO / CIO	105,500	149,784	Nil	60,000	105,500	209,784
Daniel Beck, COO	80,500	89,784	Nil	40,000	80,500	129,784
Toni Allen, former CFO	Nil	33,334	Nil	Nil	Nil	33,334
Jeff Lightfoot, Director	Nil	Nil	6,783	Nil	6,783	Nil
David Patterson, Director	Nil	Nil	6,783	Nil	6,783	Nil
Colin Watt, Director	Nil	Nil	6,783	Nil	6,783	Nil
Total	186,000	272,902	20,349	100,000	206,349	372,902

(c) Other transactions

On January 23, 2018, the Company issued an aggregate of 21,500,000 seed common shares to certain directors, officers and consultants of the Company at a price of \$0.005 per share for gross cash proceeds of \$107,500. On March 14, 2018, 5,375,000 seed shares were returned to treasury and cancelled and cash of \$26,875 was returned to shareholders.

On February 1, 2018, the Company granted 6,650,000 (5,000,000 pre-RTO) bonus warrants to Nelson Ijih and Daniel Beck at an exercise price of CDN\$0.05 (USD\$0.04 pre-RTO) for a period of 5 years from the date of issuance. The warrants were issued in exchange for all rights in the intellectual property, related to U.S. Patent Pending No. 15/848.583 (the "**Intellectual Property**"). 3,325,000 (2,500,000 pre-RTO) of the bonus warrants are eligible for exercise provided at any time during the term the Company achieves at least cumulative gross revenues of \$4,000,000. The balance of 3,325,000 (2,500,000 pre-RTO) warrants will be eligible for exercise when a further \$4,000,000 of gross revenue is achieved by the Company (i.e. cumulative gross revenues of \$8,000,000 from the date of issuance of the warrants).

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Filing Statement of December 28, 2018, available on SEDAR at www.sedar.com.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Additional Disclosure for Venture Issuers without Significant Revenue

General and Administrative Expenses

The following is a breakdown of the Company's operating expenses for the fiscal years ended December 31, 2019 and 2018:

Names	Year Ended December 31,	
	2019 (\$)	2018 (\$)
Consulting fees	221,403	473,717
Management fees and salaries	207,272	372,902
Office and miscellaneous	108,967	349,074
Professional fees	60,994	145,571
Salaries and wages	60,284	332,180
Business development and promotion	13,853	18,307
Depreciation	8,207	38,390
Total	680,980	1,730,141

Other expense

The following is a breakdown of the Company's non-operating expenses for the fiscal years ended December 31, 2019 and 2018:

Names	Year Ended December 31,	
	2019 (\$)	2018 (\$)
Transaction cost	3,458,766	Nil
Impairment of mining equipment	10,259	96,704
Revaluation of digital currency	19	1,031
Foreign exchange (gain) loss	(960)	1,010
Total	3,468,084	98,745