Financial Statements

BLOCKMINT TECHNOLOGIES INC.
(formerly SMC Ventures Inc.)
December 31, 2018 and 2017
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BlockMint Technologies Inc. (formerly SMC Ventures Inc.)

Opinion

We have audited the financial statements of BlockMint Technologies Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise 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. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Matthew Gosden.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2019

BLOCKMINT TECHNOLOGIES INC. (formerly SMC Ventures Inc.)

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	As at December 31	
	2018	2017
	$	$
ASSETS		
Current		
Cash	**471,938**	608,292
Prepaid expenses	**1,312**	-
Total Assets	**473,250**	608,292
LIABILITIES & SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable	**25,400**	27,103
Accrued liabilities	**25,803**	20,136
Promissory note *[note 9]*	**-**	54,749
Total current liabilities	**51,203**	101,988
Shareholders' equity		
Share capital *[note 5]*	**84,233,631**	83,758,688
Obligation to issue shares *[note 5]*	**10,000**	600,000
Share-based payment reserve *[note 5]*	**3,677,730**	3,552,673
Deficit	**(87,499,314)**	(87,405,057)
Total shareholders' equity	**422,047**	506,304
	473,250	608,292

Subsequent Events (note 10)

See accompanying notes

On behalf of the Board of Directors:

"Colin Watt"	"Jeff Lghtfoot"
Director	Director

BLOCKMINT TECHNOLOGIES INC. (formerly SMC Ventures Inc.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Years ended December 31	
	2018	2017
	$	$
Expenses		
General & administrative	**(94,257)**	(45,293)
Other income (expenses)		
Interest expense *[note 9]*	**-**	(4,613)
Gain on disposal of investment *[note 4]*	**-**	6,188
Comprehensive loss	**(94,257)**	(43,718)
Basic and diluted loss per share	**($0.00)**	($0.01)
Weighted average number of shares outstanding - basic and diluted	**16,228,678**	3,348,660

See accompanying notes

BLOCKMINT TECHNOLOGIES INC. (formerly SMC Ventures Inc.)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Obligation to Issue Shares	Share-Based Payment Reserve	Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance, December 31, 2017	3,348,678	83,758,688	600,000	3,552,673	(87,405,057)	506,304
Issued common shares	12,880,000	474,973	(600,000)	125,027	-	-
Exercise of warrants	-	-	10,000	-	-	10,000
Loss and comprehensive loss	-	-	-	-	(94,257)	(94,257)
Balance, December 31, 2018	**16,228,678**	**84,233,631**	**10,000**	**3,677,730**	**(87,499,314)**	**422,047**
Balance, December 31, 2016	3,348,678	83,758,688	-	3,552,673	(87,361,339)	(49,978)
Cash from private placement	-	-	600,000		-	600,000
Loss and comprehensive loss	-	-	-	-	(43,718)	(43,718)
Balance, December 31, 2017	**3,348,678**	**83,758,688**	**600,000**	**3,552,673**	**(87,405,057)**	**506,304**

See accompanying notes

BLOCKMINT TECHNOLOGIES INC. (formerly SMC Ventures Inc.)

STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	Years ended December 31	
	2018	2017
	$	$
OPERATING ACTIVITIES		
Loss	**(94,257)**	(43,718)
Items not involving cash		
Gain on disposal of investments	**-**	(6,188)
Accrued interest	**-**	4,613
	(94,257)	(45,293)
Net change in non-cash working capital balances		
Prepaid expenses	**(1,312)**	1,312
Accounts payable & accrued liabilities	**3,964**	8,643
Cash used in operating activities	**(91,605)**	(35,338)
FINANCING ACTIVITIES		
Proceeds from issuance of promissory notes	**-**	23,500
Repayment of promissory notes	**(54,749)**	-
Proceeds from private placement	**-**	600,000
Proceeds from exercise of warrants	**10,000**	-
Cash used in financing activities	**(44,749)**	623,500
INVESTING ACTIVITIES		
Proceeds from disposal of investments	**-**	19,875
Change in cash	**(136,354)**	608,037
Cash, beginning	**608,292**	255
Cash, end	**471,938**	608,292

See accompanying notes

1. NATURE OF BUSINESS

SMC Ventures Inc. changed its name to BlockMint Technologies Inc. (the "Company") on February 19, 2019 as part of a Reverse Takeover and Change of Business within the meaning of the TSXV policies. On February 21, 2019 the common shares of the Company began trading as a Tier 2 Issuer on the TSX Venture Exchange under the symbol BKMT *[see Note 10-Subsequent Events]*. The corporate office is located at 220 NW 8th Avenue, Portland, OR 97209.

These financial statements were authorized for issue in accordance with a resolution of the directors on April 29, 2019.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment in future periods.

Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The classification of financial instruments.

Investments

The Company's investments are recorded at fair value which is determined as the closing market price of the investments. Unrealized gains or losses are recognized as gains or losses in the statement of loss and comprehensive loss. Transaction costs, such as brokerage commissions, incurred in the purchase and sale of investments, are recorded as an expense in the statement of loss and comprehensive loss. Purchase and sale of securities are accounted for on a trade date basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period 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 amount 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 other comprehensive income or equity is recognized in other comprehensive income or 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 income tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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-based compensation and other share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates in effect at the reporting date. Non-monetary assets and liabilities are translated using historical exchange rates. Revenue and expense items are translated at the average exchange rate during the year. Exchange gains and losses are included in the determination of net loss for the year.

Basic and diluted loss per common share

Loss per common share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. For all the periods presented, the diluted loss per share excludes all potential common shares because the effect is anti-dilutive.

Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, "Financial Instruments: Classification and Measurement". A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash and restricted cash are measured at FVTPL. Receivables are measured at amortized cost.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company retrospectively adopted IFRS 9 on January 1, 2018. Due to the short-term and/or liquid nature of its financial assets and financial liabilities, the adoption had no impact on the amounts recognized in the Company’s consolidated financial statements for the year-ended December 31, 2018.

Impairment of assets

The carrying amount of the Company’s non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset’s fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(in Canadian dollars, except where otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (CONTINUED)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

RECENT ACCOUNTING PRONOUNCEMENTS

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019 and have not been applied in preparing these consolidated financial statements.

IFRS 16: Leases

This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company does not expect the adoption of IFRS 16 for periods beginning January 1, 2019 to be significant.

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

4. INVESTMENTS

The following is a summary of the Calyx Bio-Ventures Inc. shares held by the Company:

	Common shares	
As at December 31, 2016	**182,500**	**$ 13,688**
Sale of shares	**(182,500)**	(13,688)
As at December 31, 2017 and 2018	**-**	**$ -**

During the year ended December 31, 2017, the Company disposed 182,500 shares for proceeds of $19,875, resulting in a gain on disposition of $6,188.

5. SHARE CAPITAL

Authorized

Unlimited number of common shares, without par value.

On December 27, 2017, the Company consolidated the common shares on the basis of one new common share for every two common shares issued and outstanding. All references to the share number have been adjusted retrospectively.

On January 5, 2018, the Company closed a non-brokered private placement financing for gross proceeds of $600,000, (received during the year ended December 31, 2017), and issued 12,000,000 units at a price of $0.05 per unit. Each unit comprise one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.05 for a period of one year. The Company also issued 880,000 units to a finder. The finders' units have been valued at $125,057 using the Black-Scholes valuation model, with an expected life of one year, volatility of 142% and risk free interest rate of 1.76%. This has been credited to share issuance cost reserve in shareholders' equity.

On December 27, 2018 the Company received $10,000 for exercise of 200,000 common share purchase warrants. The common shares were issued January 3, 2019.

As at December 31, 2018, 16,228,678 common shares were issued and outstanding (2017 – 3,348,678)

Common share purchase warrants

On January 5, 2018 as part of the non-brokered private placement, the Company issued 12,000,000 purchase warrants to unit purchasers and 600,000 to a finder. At December 31, 2018 12,600,000 purchase warrants are outstanding with an exercise price of $0.05 expiring January 4, 2019. 2,480,000 of the purchase warrants were exercised on January 3, 2019 for proceeds of $124,000 and the remainder expired on unexercised.

Stock options

As at December 31, 2017 there were 500,000 options outstanding and exercisable at $0.05. The options expired on November 22, 2018.

Share based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Obligation to issue shares

The obligation to issue shares records items recognized as private placement proceeds until such time that the private placement is closed, at which time the corresponding amount will be transferred to share capital, or share purchase warrant exercised until such time the common shares are issued.

(in Canadian dollars, except where otherwise noted)

6. INCOME TAXES

At December 31, 2018, the Company had accumulated non-capital losses totalling approximately $1,525,429 for income tax purposes, which are available to offset future years' taxable income. The non-capital losses expire between 2028 and 2038:

The tax effects of temporary differences that give rise to significant portions of the unrecognized deferred tax assets as at December 31, 2018 and 2017 are presented below:

	2018 $	2017 $
Deferred tax assets not recognized:		
Loss carry forwards	411,866	348,733
Canadian eligible capital	144,576	149,700
Total	556,422	498,433

No deferred tax asset related to the losses and other tax benefits has been recognized in the financial statements as the realization of the losses and benefits does not meet the more likely than not recognition criteria as the Company has had a history of losses.

Total income tax recovery varies from the amount that would be computed by applying the statutory income tax rate to the loss before income taxes for the following reasons:

	2018 $	2017 $
Net loss	(94,257)	(43,718)
Statutory income tax rate	27%	26%
Income tax recovery based on pre-tax accounting loss	(25,449)	(11,367)
Permanent differences	-	804
Adjustments to prior year vs. statutory tax filings and other	(12,553)	(4,877)
Benefit of losses and other deductions not recognized	58,009	15,440
Other	(20,007)	-
Total income tax recovery	-	-

Tax attributes are subject to review, and potential adjustment by tax authorities.

7. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to safeguard its accumulated capital in order to maintain its ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it based on economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

December 31, 2018

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Financial Instruments

The Company has classified its financial instruments as follows:

Financial Instrument	Classification	Measurement	Carrying Value and Fair Value
Cash	FVTPL	Fair value	$471,938
Accounts payable	Amortized cost	Amortized cost using the effective interest method	$25,400

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investments are fair valued using Level I inputs-quoted market prices (unadjusted), in active markets for identical assets.

[b] Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial asset fails to meet its contractual obligations and arises principally from the Company's cash. The carrying amount of the financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk on cash by placing the funds with high-credit quality financial institutions and only investing in liquid, investment grade securities. These guidelines are periodically reviewed by the Company and modified to reflect changes in market conditions.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by keeping its expenses to a minimum. The majority of the Company's financial liabilities are due within ninety days. The Company does not have long-term financial liabilities.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising primarily from fluctuations in interest rates on its cash. The Company believes that the results of operations, financial position and cash flows would not be significantly affected by a change in market interest rates relative to the investment interest rates due to the short term nature of the investments.

(iv) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company has expenditures denominated in US dollars. Fluctuations in the value of the US dollar relative to the Canadian dollar are not expected to have a significant impact the Company's results from operations.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018 a Demand Promissory Note of $48,500 plus accrued interest of $6,249 was repaid to a former officer and director of the Company.

During the year ended December 31, 2017, a former officer and director each advanced the Company $23,500 evidenced by Demand Promissory Notes. At December 31, 2017, the total balance outstanding was $48,500 plus accrued interest. The loans bear interest at 12%, was unsecured and due on demand.

During the year ended December 31, 2018, the Company paid $12,000 in management fees to the former president and CEO of the Company (2017 - $nil).

10. SUBSEQUENT EVENTS

On January 3, 2019 the Company issued 2,480,000 common shares at $0.05 per share for proceeds of $124,000 ($10,000 received in 2018 and the remainder received in 2019) pursuant to the exercise of share purchase warrant. Subsequent to this issuance the Company had 18,708,678 common shares outstanding.

10. SUBSEQUENT EVENTS (CONTINUED)

On February 19, 2019 the Company closed its reverse takeover acquisition of Blockmint (Canada) Technologies Inc. ("BMT"). This acquisition was carried out pursuant to a plan of arrangement involving a "three-cornered" amalgamation, whereby:

- The Company consolidated its 18,708,678 common shares on a two for one basis resulting is 9,354,339 post consolidation shares outstanding;
- BlockMint Technologies Inc. changed its name to Blockmint (Canada) Technologies Inc.;
- The Company issues 34,914,681 post-consolidation shares to the shareholders of BMT (1.33 post consolidation shares of the Company for each share of BMT);
- The Company issued 6,650,000 performance warrants in replacement of the 5,000,000 performance warrants outstanding in the capital of BMT and 152,498 finder's fee warrants in replacement of the 114,660 finder's fee warrant outstanding in the capital of BMT, each share purchase warrant entitling the holder to acquire one post consolidation share of the Company at the exercise price in the underlying BMT warrant;
- BMT became a wholly owned subsidiary of the Company;
- The Company's board of directors and management were replaced with representatives nominated by BMT.