



**BLOCKMINT**

**BLOCKMINT TECHNOLOGIES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2020**

## **Introduction**

The following interim Management's Discussion & Analysis ("MD&A") of the financial condition and results of the operations of BlockMint Technologies Inc. (the "Company" or "BlockMint") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2019 and December 31, 2018 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, together with the notes thereto. **Results are reported in United States 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 three and nine months ended September 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 30, 2020 unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2020, 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 IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

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.

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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 September 30, 2020, 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 September 30, 2021, 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 - a 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**

#### 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 nine months ended September 30, 2020, the Company had a net loss of \$329,340 which consisted primarily of (i) consulting fees of \$193,803; (ii) management fees and salaries of \$74,241; (iii) office and miscellaneous expenses of \$20,822 and (iv) professional fees of \$18,960.

At September 30, 2020, the Company had a net working capital of \$2,606,370 (December 31, 2019 – \$2,944,851). The Company had cash and cash equivalents of \$2,640,029 (December 31, 2019 - \$2,957,158). Working capital and cash and cash equivalents decreased during the nine months ended September 30, 2020 due to cash used in operating activities of \$317,129.

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 September 30, 2021. 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 price and volatility 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. 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.

### Monero Charts



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.

## **Discussion of Operations**

### **Three months ended September 30, 2020 compared with three months ended September 30, 2019**

For the three months ended September 30, 2020, BlockMint's net loss was \$136,654 with basic loss per share of \$0.00. This compares with a net loss of \$92,494 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2019. The increase of \$44,160 in net loss was principally because operating expenses increased due to an increase in consulting fee related to business development.

### **Nine months ended September 30, 2020 compared with nine months ended September 30, 2019**

For the nine months ended September 30, 2020, BlockMint's net loss was \$329,340 with basic loss per share of \$0.01. This compares with a net loss of \$4,084,617 with basic and diluted loss per share of \$0.10 for the nine months ended September 30, 2019. The decrease of \$3,755,277 in net loss was principally because:

- For the nine months ended September 30, 2019, transaction cost was \$3,458,765;
- Operating expenses for the nine months ended September 30, 2020, was \$329,799, compared to \$627,482 for the nine months ended September 30, 2019, due to reduced business activities and the conservation of cash.

## **Cash Flow**

The Company had cash of \$2,640,029 at September 30, 2020 (December 31, 2019 - \$2,957,158). The change in cash during the nine months ended September 30, 2020 was primarily due to the cash used in operating activities.

Cash used in operating activities was \$317,129, for the nine months ended September 30, 2020. Operating activities were affected by net loss of \$329,340 and net changes in non-cash working capital balances due to an increase in receivables and prepaid expenses of \$7,886; and a decrease in accounts payable and accrued liabilities of \$14,226. The Company also recorded a foreign exchange of \$9,141 and revaluation in digital currency of \$760. For the nine months ended September 30, 2019, cash used in operating activities was \$620,314. Operating activities were affected by the net decrease in non-cash, working capital balances due to an increase in receivables and prepaid expenses of \$48,934; and offset by an increase in accounts payable and accrued liabilities of \$49,074. The Company also recorded a transaction cost of \$3,458,765; depreciation of equipment of \$6,155; and revaluation in digital currency of \$350.

Net cash provided by investing activities was \$nil during the nine months ended September 30, 2020. During the nine months ended September 30, 2019, net cash used in investing activities was \$408,219 as the Company completed the Arrangement Agreement with SMC.

### 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 September 30, 2020, 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 September 30, 2020, the Company reported cash of \$2,640,029 (December 31, 2019 - \$2,957,158) and a net working capital of \$2,606,370 (December 31, 2019 - \$2,944,851). The net cash on hand as at September 30, 2020, is expected to be sufficient to meet the Company's liquidity requirements in 2020. Currently, the Company's operating expenses are approximately \$20,000 to \$30,000 per month for management fees, month-to-month professional fees, listing expenses and other working expenses. The Company's cash as at September 30, 2020 is expected to be sufficient to satisfy current liabilities and general and administrative costs up to September 30, 2021.

### Accounting Pronouncements

#### Changes in accounting policy

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.

### 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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)
Owen Bird Law Corporation <sup>(1)</sup>	1,085	10,722	2,461	41,674
Bayswater Consulting Ltd. (Bayswater) <sup>(2)</sup>	2,259	2,268	6,643	6,030
Marrelli Support Services Inc. ("Marrelli Support") <sup>(3)</sup>	8,420	8,177	25,784	23,949

1) For the three and nine months ended September 30, 2020, the Company expensed \$1,085 and 2,461, respectively (three and nine months ended September 30, 2019 - \$10,722 and \$41,674, respectively) for legal services to Owen Bird Law Corporation, a legal firm of which Jeff Lightfoot is a shareholder.

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As at September 30, 2020, \$1,466 (December 31, 2019 - \$500) was payable to this party and the amount is included in accounts payable and accrued liabilities.

- 2) For the three and nine months ended September 30, 2020, the Company expensed \$2,259 and \$6,643, respectively (three and nine months ended September 30, 2019 - \$2,268 and \$6,030, respectively) to a private company controlled by Erin Walmesley, the Company's corporate secretary, for corporate services.
- 3) For the three and nine months ended September 30, 2020, the Company expensed \$8,420 and \$25,784, respectively (three and nine months ended September 30, 2019 - \$8,177 and \$23,949, respectively) 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 September 30, 2020, Marrelli was owed \$1,314 (December 31, 2019 - \$6,364), and the amount is included in accounts payable and accrued liabilities.

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

Name	Salaries and wages		Fees		Total	
	Three Months Ended September 30,		Three Months Ended September 30,		Three Months Ended September 30,	
	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)
Nelson Ijih, CEO / CIO	9,000	14,000	Nil	Nil	9,000	14,000
Daniel Beck, COO	9,000	14,000	Nil	Nil	9,000	14,000
Jeff Lightfoot, Director	Nil	Nil	2,344	2,257	2,344	2,257
David Patterson, Director	Nil	Nil	2,344	2,257	2,344	2,257
Colin Watt, Director	Nil	Nil	2,344	2,257	2,344	2,257
<b>Total</b>	<b>18,000</b>	<b>28,000</b>	<b>7,032</b>	<b>6,771</b>	<b>25,032</b>	<b>34,771</b>

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Name	Salaries and wages		Fees		Total	
	Nine Months Ended September 30,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)	2020 (\$)	2019 (\$)
Nelson Ijih, CEO / CIO	27,000	96,500	Nil	Nil	27,000	96,500
Daniel Beck, COO	27,000	71,500	Nil	Nil	27,000	71,500
Jeff Lightfoot, Director	Nil	Nil	6,747	4,514	6,747	4,514
David Patterson, Director	Nil	Nil	6,747	4,514	6,747	4,514
Colin Watt, Director	Nil	Nil	6,747	4,514	6,747	4,514
<b>Total</b>	<b>54,000</b>	<b>168,000</b>	<b>20,241</b>	<b>13,542</b>	<b>74,241</b>	<b>181,542</b>

### **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](http://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.