



BLOCKMINT

**BLOCKMINT TECHNOLOGIES INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN UNITED STATES DOLLARS)**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BlockMint Technologies Inc.:

Opinion

We have audited the consolidated financial statements of BlockMint Technologies Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

May 2, 2022
Vancouver, B.C.

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

	As at December 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash	\$ 2,032,371	\$ 2,600,962
Receivables	9,240	3,455
Prepaid expenses	11,750	1,000
Digital currency (note 6)	31,949	-
Total current assets	2,085,310	2,605,417
Non-current assets		
Equipment (note 7)	515,252	-
Right of use asset (note 9)	159,926	-
Total assets	\$ 2,760,488	\$ 2,605,417
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	\$ 50,547	\$ 61,889
Current lease liability (note 9)	109,500	-
Total current liabilities	160,047	61,889
Non-current liability		
Lease liability (note 9)	51,230	-
Total liabilities	211,277	61,889
Equity		
Share capital (note 10)	9,661,389	8,884,433
Share-based payment reserve (note 11)	385,400	30,300
Warrant reserve (note 12)	17,500	17,500
Foreign currency translation reserve	13,495	13,495
Deficit	(7,528,573)	(6,402,200)
Total equity	2,549,211	2,543,528
Total equity and liabilities	\$ 2,760,488	\$ 2,605,417

Nature of operations and going concern (note 1)

"Nelson Ijih", Director _____

"Colin Watt", Director _____

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

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue		
Digital currency mined	\$ 33,627	\$ -
Cost of revenue		
Site operating cost	(4,366)	-
Depreciation (notes 7 and 9)	(29,127)	-
	134	-
Operating expenses		
Business development and promotion	145,912	8,599
Consulting (note 13)	383,963	211,675
Director, management fees and salaries (note 13)	155,640	100,275
Office and miscellaneous	29,734	24,652
Professional fees (note 13)	47,310	37,670
Salaries and wages	19,553	17,965
Share-based payments (note 11)	355,100	-
Total operating expenses	1,137,212	400,836
Loss before other items	(1,137,078)	(400,836)
Interest expense	(1,887)	-
Foreign exchange (loss) gain	14,270	(6,964)
Impairment of assets (note 8)	-	(17,500)
Revaluation of digital currency (note 6)	(1,678)	(533)
Net loss for the year	(1,126,373)	(425,833)
Other comprehensive income (loss)		
Items which may be reclassified to profit or loss:		
Gain on currency translation	-	7,010
Total comprehensive loss for the year	\$ (1,126,373)	\$ (418,823)
Basic and diluted net loss per share (note 14)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding	47,948,672	44,269,068

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

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating activities		
Net loss for the year	\$ (1,126,373)	\$ (425,833)
Adjustments for:		
Depreciation	29,127	-
Share-based payments (note 11)	355,100	-
Revaluation of digital currency	1,678	533
Impairment of assets	-	17,500
Interest expense	1,887	-
Changes in non-cash working capital items:		
Receivables and prepaid expenses	(16,535)	7,102
Digital currency	(33,627)	-
Accounts payable and accrued liabilities	(11,342)	37,492
Net cash used in operating activities	(800,085)	(363,206)
Investing activity		
Purchase of equipment	(537,654)	-
Net cash used in investing activity	(537,654)	-
Financing activities		
Proceeds from issuance of common shares	782,800	-
Share issue costs	(5,844)	-
Lease payments paid	(7,808)	-
Net cash provided by financing activities	769,148	-
Foreign exchange effect on cash	-	7,010
Net change in cash	(568,591)	(356,196)
Cash, beginning of year	2,600,962	2,957,158
Cash, end of year	\$ 2,032,371	\$ 2,600,962
Supplemental information:		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

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

	Share capital	Warrant reserve	Share-based payment reserve	Foreign currency translation reserve	Deficit	Total
Balance, December 31, 2019	\$ 8,884,433	\$ 17,500	\$ 30,300	\$ 6,485	\$ (5,976,367)	\$ 2,962,351
Currency translation	-	-	-	7,010	-	7,010
Net loss for the year	-	-	-	-	(425,833)	(425,833)
Balance, December 31, 2020	8,884,433	17,500	30,300	13,495	(6,402,200)	2,543,528
Private placement	808,726	-	-	-	-	808,726
Share issue costs	(31,770)	-	-	-	-	(31,770)
Share-based compensation	-	-	355,100	-	-	355,100
Net loss for the year	-	-	-	-	(1,126,373)	(1,126,373)
Balance, December 31, 2021	\$ 9,661,389	\$ 17,500	\$ 385,400	\$ 13,495	\$ (7,528,573)	\$ 2,549,211

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

1. Nature of operations and going concern

BlockMint Technologies Inc. (the "Company") is a publicly traded company whose shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol BKMT. BlockMint (Canada) Technologies Inc. ("BlockMint-Canada"), a wholly owned subsidiary of the Company, was incorporated on December 22, 2017 pursuant to the British Columbia Business Corporations Act. BlockMint-Canada and its subsidiary, BlockMint (USA) Technologies Inc. ("BlockMint-USA") are in the business of developing distributed systems and networks that enable a more decentralized deployment of blockchain based applications such as cryptocurrency mining and since December 2021 the Company has been focused on cryptocurrency mining. BlockMint-USA was incorporated under the laws of the State of Delaware on March 6, 2018.

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

Going concern

The Company incurred a net loss for the year ended December 31, 2021 of \$1,126,373 (year ended December 31, 2020 - \$425,833) and had an accumulated deficit of \$7,528,573 at December 31, 2021 (December 31, 2020 - \$6,402,200). These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. As at December 31, 2021, the Company had a working capital of \$1,925,263 (December 31, 2020 - \$2,543,528).

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

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

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

2. Basis of presentation

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

These consolidated financial statements were approved for issuance by the Board of Directors on May 2, 2022.

3. Significant accounting policies

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for (i) certain financial instruments measured at fair value through profit or loss or other comprehensive income and (ii) digital currency which is measured at fair value less costs to sell.

Basis of consolidation

Subsidiaries

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

Transactions eliminated upon consolidation

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

Foreign currency translation

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

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Revenue recognition

The Company recognizes revenue from the provision of transaction verification services within digital asset networks, commonly described as “crypto currency mining”. As non-cash consideration for these services, the Company receives digital assets from each specific cryptocurrency mining pool in which it participates. Revenue is measured based on the fair value of the digital assets received. The fair value is determined using the quoted price of the digital assets on the date of receipt. Management has exercised significant judgment in determining the completion stage for this revenue stream and examined various factors surrounding the nature of the Company’s operations, and determined the stage of completion being the completion and addition of a block to a blockchain.

Financial instruments

Recognition

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

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

Classification and Measurement

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

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

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Financial instruments (continued)

Classification and Measurement (continued)

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

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

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

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

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

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

Digital currency

Digital currencies, consisting of cryptocurrency assets such as Bitcoin, are initially recognized at cost being the fair value of the digital currency received and are carried at fair value less costs to sell. At each reporting date, fair value changes are recognized as revaluation of digital currency in profit or loss. Gains or losses on sales or exchanges of digital currencies for traditional (fiat) currencies such the US dollar are recognized as a gain (loss) on disposition of digital currency in profit or loss. Fair value is measured using the quoted price on www.coinmarketcap.com.

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Equipment

Equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the equipment and any expenditures required to make the equipment ready for use. Repairs and maintenance are charged to profit or loss as incurred. Expenditures that can be measured reliably and extend the estimated life of an asset such that it is probable that future economic benefits will flow to the Company are capitalized.

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

Asset	Estimated useful life / Asset depreciation method
Computer mining equipment	2 years straight-line
Furniture & equipment	3 years straight-line

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

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

Intangible asset

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

Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated for valuation multiples or other available fair value indicators. Impairment losses are recognized in profit or loss.

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Leases

Right-of-use assets

At the lease commencement date, the Company recognizes a right-of-use asset ("ROU asset") at an amount equal to the lease liability and adjusted to include any prepaid lease payments, less any incentives, plus initial direct costs incurred, and any costs of dismantling and restoring an asset to a specific condition. The ROU assets are depreciated over a period which is the earlier of the end of the asset's estimated useful life or the end of the lease term. Depreciation of ROU assets is included in profit or loss as cost of revenue and ROU assets are presented in the consolidated statement of financial position.

Under IFRS 16, ROU assets are tested for impairment in accordance with IAS 36, Impairment of Assets.

Lease liability

The lease liability is initially measured as the present value of the future payments discounted using the rate of interest implicit in the lease. However, if that rate is not readily determinable, the entity's incremental borrowing rate ("IBR") is to be used. An entity's IBR is the rate the Company would have to pay for similar assets at similar locations over a similar term. Interest charges are reported as interest expense in profit or loss and lease liability is reported as a separate line item in the consolidated statement of financial position.

Income taxes

Income tax on profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax

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

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 tax

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

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Income taxes (continued)

Deferred tax (continued)

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

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

Share capital

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

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

Share-based transactions

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

Finders warrants

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

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Share-based transactions (continued)

Share-based payments

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

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

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

Basic and diluted earnings (loss) per share

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

Diluted earnings per share is computed by dividing the net earnings applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. During the years ended December 31, 2021 and 2020, the calculation of diluted loss per share did not include the effect of potentially dilutive instruments outstanding as they are anti-dilutive.

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.

BlockMint Technologies Inc.
Notes to the Consolidated Financial Statements
Years Ended December 31, 2021 and 2020
(Expressed in United States Dollars)

3. Significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

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:

Functional currency

The determination of the functional currency of each entity 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.

Revenue recognition

There is currently no specific definitive guidance in IFRS nor other standard-setting bodies that use a similar conceptual framework to develop accounting standards for the accounting for the production and mining of digital assets, and therefore management has exercised significant judgment in determining appropriate accounting treatment for the recognition of revenue. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and financial performance.

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:

Useful life of computer and mining equipment

Management is depreciating mining equipment using a straight-line basis, with a useful life of 2 years. The mining equipment is used to generate Bitcoin. The rate at which the Company generates digital assets and, therefore, consumes the economic benefits of its mining equipment are influenced by several factors including, but not limited to, the following:

- ◆ The complexity of the mining process which is driven by the algorithms contained within the digital assets open-source software; and
- ◆ Technological obsolescence reflecting rapid development in the mining machines such that more recently developed hardware is more economically efficient to run in terms of digital assets mined as a function of operating costs, primarily power costs (i.e., the speed of mining machines evolution in the industry) is such that later mining machine models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Based on the Company and the industry's limited history to date, management is limited by the market data available. Furthermore, the data available also includes data derived from the use of economic modelling to forecast future digital assets and the assumptions included in such forecasts, including digital asset's price and network difficulty, and derived from management's assumptions which are inherently judgmental. Based on current data available, management has determined that the straight-line method of depreciation best reflects the current expected useful life of mining equipment. Management will review their estimates at each reporting date and will revise such estimates as and when data become available. Management will review the appropriateness of its assumption related to residual value at each reporting date.

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3. Significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

Estimates (continued)

Share-based payments and non-monetary transactions

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

Fair value measurement of digital currency

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

Changes in accounting policies

New accounting policy adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. New accounting policies are not applicable or do not have a significant impact to the Company and have been excluded.

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

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3 "Business Combinations" were issued in May 2020, and are effective on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" be used to identify liabilities and contingent assets arising from a business combination. Adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

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4. Capital management

The Company manages its capital with the following objectives:

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

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

The Company considers its capital structure to consist of equity, which at December 31, 2021 totaled \$2,549,211 (December 31, 2020 - \$2,543,528). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and investing and financing activities.

5. Financial instruments and fair value risk management

Fair value hierarchy

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

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

The Company's cash and accounts payable and accrued liabilities are classified and measured at amortized cost, which due to the short-term to maturity of these financial instruments, approximates their fair values.

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 three types of risk: currency risk, interest rate risk, and other price risk. It is management's opinion that the Company is not exposed to significant other price risk.

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5. Financial instruments and risk management (continued)

Market risk (continued)

Currency risk

As at December 31, 2021, a portion of the Company's financial instruments are held in Canadian dollars (CAD). The Company's objective in managing its currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in USD. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time. The following CAD amounts are presented in USD to demonstrate the effect on profit or loss of changes in foreign exchange rates:

	December 31, 2021	December 31, 2020
Cash held in CAD	\$ 828,413	\$ 258,196
Cash value in USD	653,452	202,787
Accounts receivable and other receivables in CAD	11,714	4,399
Accounts receivable and other receivables in USD	9,240	3,455
Accounts payable and accrued liabilities in CAD	(12,836)	(49,281)
Accounts payable and accrued liabilities in USD	(10,125)	(38,705)
Effect of +/- 10% change in exchange rate is approximately	\$ 64,333	\$ 16,408

Interest rate risk

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

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, 2021, the Company had a cash balance of \$2,032,371 and current liabilities of \$160,047. 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				Total
	1 year	2 Years	3 Years	Over 4 Years	
Accounts payable and accrued liabilities	\$ 50,547	\$ -	\$ -	\$ -	\$ 50,547
Lease liability	129,000	53,750	-	-	182,750

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5. Financial instruments and risk management (continued)

Credit risk

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

6. Digital currency

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

As at December 31, 2021, the Company's digital currency consisted of Bitcoin with a fair value of \$31,949 (December 31, 2020 - \$NIL). Digital currencies are recorded at their fair value on the date that they were received as revenues and are revalued to their current market value at each reporting date based on the closing price obtained from www.coinmarketcap.com.

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7. Equipment

Cost	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2019 and December 31, 2020	\$ 150,660	\$ 2,900	\$ 153,560
Additions	537,654	-	537,654
Balance, December 31, 2021	\$ 688,314	\$ 2,900	\$ 691,214

Accumulated depreciation	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2019 and December 31, 2020	\$ 150,660	\$ 2,900	\$ 153,560
Depreciation for the year	22,402	-	22,402
Balance, December 31, 2021	\$ 173,062	\$ 2,900	\$ 175,962

Carrying amount	Computer and mining equipment	Furniture and equipment	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -
Balance, December 31, 2021	\$ 515,252	\$ -	\$ 515,252

8. Intangible assets

	As at December 31, 2019	Write-off	As at December 31, 2020	Write-off	As at December 31, 2021
Patent pending	\$ 17,500	\$ (17,500)	\$ -	\$ -	\$ -
	\$ 17,500	\$ -	\$ -	\$ -	\$ -

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

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9. Leases

The Company entered in to a 18 month facility lease on December 1, 2021. The Company used its incremental borrowing rate of 10.0% as the discount rate to determine the value to its 18 months facility lease. The asset is depreciated on a straight-line basis over the lease term, starting December 1, 2021.

Right of use leased asset	Total
Balance, December 31, 2019 and December 31, 2020	\$ -
Additions	166,651
Depreciation	(6,725)
Balance, December 31, 2021	\$ 159,926

Lease liability	Total
Balance, December 31, 2019 and December 31, 2020	\$ -
Additions	166,651
Interest expense	1,887
Lease payments	(7,808)
Balance, December 31, 2021	\$ 160,730

	As at December 31, 2021	As at December 31, 2020
Current lease liability	\$ 109,500	\$ -
Non-current lease liability	51,230	-
Total lease liability	\$ 160,730	\$ -

	Under 1 year	Between 1 - 2 years	Between 3 - 5 years	Over 5 years	Total
Lease liability	\$ 109,500	\$ 51,230	\$ -	\$ -	\$ 160,730

10. Share capital

a) Authorized share capital

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

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10. Share capital (continued)

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2019 and December 31, 2020	44,269,068	\$ 8,884,433
Private placement (i)	3,846,154	782,800
Shares issued as fees (i)	127,383	25,926
Share issue costs (i)	-	(31,770)
Balance, December 31, 2021	48,242,605	\$ 9,661,389

(i) On January 26, 2021, the Company closed a non-brokered private placement and issued an aggregate of 3,846,154 common shares at a price of CDN\$0.26 per common share to raise aggregate gross proceeds of CDN\$1,000,000 (\$782,800). In connection with the offering, the Company issued an aggregate of 127,383 finder's shares to certain brokerage firms with a fair value of \$25,926 and paid \$5,844 in legal and other fees.

11. Share-based payments

In February 2019, the Directors adopted a new 20% fixed stock option plan (the "Plan") to replace the former "10% rolling" stock option plan. Under the terms of the Plan, the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to the Company's directors, officers, employees and consultants, non-transferable options to purchase common shares of the Company, provided that the number of shares reserved for issuance will not exceed 8,853,814 common shares, inclusive of all common shares which may be issued pursuant to the performance warrants issued. (note 12). Options granted under the Plan have a term up to 10 years. No options shall be exercisable until it has vested. Vesting will be specified at the time of grant.

	Number of stock options	Per option value
Balance, December 31, 2019 and December 31, 2020	-	\$ -
Issued (i)	1,250,000	0.29
Balance, December 31, 2021	1,250,000	\$ 0.29

The weighted average grant date fair value of options granted during the year ended December 31, 2021 was \$0.28.

(i) On February 11, 2021, the Company granted stock options to certain of its directors, officers and consultants to purchase up to an aggregate of 1,250,000 common shares in the capital of the Company, exercisable over five years at a price of CDN\$0.40 per share. The options vested immediately. The estimated fair value of the options at the grant date was \$355,100 using the Black-Scholes option pricing model. The estimated fair value of the options has been charged to profit and loss and credited to share-based payment reserve, within equity. The underlying weighted average assumptions used in the estimation of fair value in the Black-Scholes option pricing model are as follows: dividend yield 0%, estimated forfeiture rate 0%, expected volatility of 152%, risk free rate of return of 0.48% and an expected life of 5 years. For the year ended December 31, 2021 \$355,100 was expensed.

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11. Share-based payments (continued)

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
February 11, 2026	CDN\$0.40	4.12	1,250,000	1,250,000

12. Warrant reserve

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019, December 31, 2020 and December 31, 2021	6,650,000	\$ 0.03

The following table reflects the warrants issued and outstanding as of December 31, 2021:

Expiry date	Number of warrants	Per-warrant value	Exercise price
February 1, 2023 ⁽¹⁾	6,650,000	\$0.01	CDN\$0.05

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

13. Related party transactions

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. Key management personnel includes the Board of Directors of the Company, officers, and close family members and enterprises which are controlled by these individuals, as well as certain persons performing similar functions.

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

		Year Ended December 31,	
		2021	2020
Owen Bird Law Corporation	(i)	\$ 15,330	\$ 3,570
Bayswater Consulting Ltd.	(ii)	9,571	8,924
Marrelli Support Services Inc.	(iii)	41,264	42,340

(i) For the year ended December 31, 2021, the Company expensed professional fees of \$15,330 (year ended December 31, 2020 - \$3,570) for legal services of which \$5,959 was reflected as share issue costs, to Owen Bird Law Corporation, a legal firm of which a director is a shareholder. As at December 31, 2021, \$8,587 (December 31, 2020 - \$1,472) was payable to this party and the amount is included in accounts payable and accrued liabilities.

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13. Related party transactions (continued)

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

(ii) For the year ended December 31, 2021, the Company expensed consulting fees of \$9,571 (year ended December 31, 2020 - \$8,924) to a private company controlled by the Company's corporate secretary, for corporate services.

(iii) For the year ended December 31, 2021, the Company expensed consulting fees of \$41,264 (year ended December 31, 2020 - \$42,340) to Marrelli Support Services Inc. ("Marrelli") for: Victor Hugo to act as the Chief Financial Officer of the Company; and for bookkeeping services. Victor Hugo is an employee of Marrelli. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at December 31, 2021, Marrelli was owed \$7,383 (December 31, 2020 - \$9,722), and the amount is included in accounts payable and accrued liabilities.

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

	Year Ended	
	December 31,	
	2021	2020
Management salaries	\$ 126,000	\$ 72,000
Share-based payments	170,448	-
Directors fees (included in Directors, management fees and salaries)	29,640	28,275
	\$ 326,088	\$ 100,275

As at December 31, 2021, directors of the Company were owed \$nil (December 31, 2020 - \$28,275), relating to fees and the amount is included in accounts payable and accrued liabilities.

14. Loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2021, was based on the loss attributable to common shareholders of \$1,126,373 (year ended December 31, 2020 - \$425,833) and the weighted average number of common shares outstanding of 47,948,672 (year ended December 31, 2020 - 44,269,068). Diluted loss per share did not include the effect of 1,250,000 options outstanding and 6,650,000 warrants for the year ended December 31, 2021 (year ended December 31, 2020 - nil and 6,650,000, respectively) as their effect is anti-dilutive.

15. Income taxes

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

	Year Ended	
	December 31,	December 31,
	2021	2020
Net income (loss) before income taxes	\$ (1,126,373)	\$ (425,833)
Income tax expense (recovery) at statutory rates	(304,121)	(114,975)
Share issuance cost incurred	(1,578)	-
Change in unrecognized temporary differences	305,699	114,975
Tax provision (recovery)	\$ -	\$ -

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15. Income taxes (continued)

Unrecognized temporary differences

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

	Canada	USA
Deferred tax assets		
Non capital losses carried forward	\$ 3,130,000	\$ 1,561,000
Share issue costs	6,000	-
Equipment and depreciation	-	(74,000)
	3,136,000	1,487,000
Unrecognized deferred tax assets	(3,136,000)	(1,487,000)
	\$ -	\$ -

The Company has non-capital losses of approximately \$3,129,000 and \$1,561,000 deductible against future taxable income in Canada and the US respectively. The Company's US non-capital losses can be carried forward indefinitely. The Company's Canadian non-capital income tax losses expire from 2031-2041.