The Mint Corporation
Consolidated Financial Statements
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

THE MINT CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of The Mint Corporation (the "Corporation") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Corporation's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities.

"Vishy Karamadam"	"Brian Hendry"
Chief Executive Officer	**Chief Financial Officer**

Independent Auditor's Report

To the Shareholders of The Mint Corporation:

Opinion

We have audited the consolidated financial statements of The Mint Corporation and its subsidiaries (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of income/(loss) and comprehensive income/(loss), changes in shareholders' deficiency and 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 Corporation as at December 31, 2019 and December 31, 2018, 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 Corporation 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 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 indicates that the Corporation incurred a net loss of $5,246,163 during the year ended December 31, 2019 and, as of that date, the Corporation's current liabilities exceeded its total assets by $7,030,344. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Corporation'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 Management's Discussion and Analysis.

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 or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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 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.

MNP

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Corporation 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Murad Bhimani.

MNP LLP

Toronto, Ontario
June 11, 2020

Chartered Professional Accountants
Licensed Public Accountants

MNP

The Mint Corporation
Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	As at December 31 2019 $	As at December 31 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**93,758**	174,068
Advances, deposits and prepayments		**26,240**	50,073
Total current assets		**119,998**	224,141
TOTAL ASSETS		**119,998**	224,141
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
LIABILITIES			
Current liabilities			
Trade payables and accruals		**239,556**	983,428
Due to related parties	9,15	**6,367,652**	5,449,905
Interest due on debentures payable	10,15	**498,630**	-
Promissory notes payable	11	**44,504**	335,481
Total current liabilities		**7,150,342**	6,768,814
Non-current liabilities			
Term loan	15(i)	**790,437**	-
Debentures payable	10,15	**15,389,285**	12,466,696
TOTAL LIABILITIES		**23,330,064**	19,235,510
SHAREHOLDERS' DEFICIENCY			
Capital stock	12	**38,689,808**	38,314,140
Warrants	13	**2,727,230**	4,377,255
Contributed surplus		**10,245,612**	7,923,789
Deficit		**(74,872,716)**	(69,626,553)
TOTAL SHAREHOLDERS' DEFICIENCY		**(23,210,066)**	(19,011,369)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**119,998**	224,141

Going Concern (Note 1)
Subsequent Events (Note 22)

APPROVED ON BEHALF OF THE BOARD

"Vishy Karamadam"
Director (signed)

"Randy Koroll"
Director (signed)

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

The Mint Corporation
Consolidated Statements of Income/(Loss) and Comprehensive Income/(Loss)
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019 $	2018 $
Operating expenses			
Share of loss from Investment in Mint UAE Operations	5	**(288,718)**	(2,042,661)
Impairment of vMobo	6	**-**	(1,159,570)
General and administrative expenses		**(1,274,215)**	(2,295,311)
Stock-based compensation	14	**(547,466)**	(521,113)
Recovery of HST credits	4	**-**	610,244
Gain on settlement of creditors	7	**562,225**	-
Total operating expenses		**(1,548,174)**	(5,408,411)
Financing expenses			
Financing costs	8	**(3,695,883)**	(3,247,388)
Gain on restructuring of debentures	10	**-**	45,831,643
Foreign exchange gain (loss)		**(2,106)**	89,012
Total financing expenses		**(3,697,989)**	42,673,267
Net income (loss) and comprehensive income (loss)		**(5,246,163)**	37,264,856
Weighted average number of common shares outstanding - basic (000s)		**196,169**	182,861
Weighted average number of common shares outstanding - diluted (000s)		**196,169**	198,654
Basic earnings per share		**(0.027)**	0.204
Diluted earnings per share		**(0.027)**	0.188

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

The Mint Corporation
Consolidated Statements of Changes in Shareholders’ Deficiency
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Number of common shares #	Capital stock $	Warrants $	Contributed surplus $	Deficit $	Total Shareholders' Deficiency $
Balance at January 1, 2018	152,877,122	32,439,995	120,475	6,479,153	(106,891,409)	(67,851,786)
Share-based compensation	-	-	-	521,113	-	521,113
Shares and warrants issued on private placement	18,409,091	2,139,496	1,610,504	-	-	3,750,000
Cash commission on private placements	-	(25,737)	(179,575)	-	-	(205,312)
Investor warrants issued on private placement	-	(214,955)	214,955	-	-	-
Shares issued on restructuring of Series A debentures	17,300,000	3,460,000	-	-	-	3,460,000
Warrants to consultant on debt restructuring	-	-	326,921	-	-	326,921
Shares issued on exercise of warrants	3,555,615	515,341	(29,353)	-	-	485,988
Warrants issued on restructuring of Series A debenture	-	-	2,275,977	-	-	2,275,977
Conversion feature of promissory note	-	-	28,400	-	-	28,400
Subscription receipts issued	-	-	-	932,474	-	932,474
Issuance cost on promissory notes	-	-	8,951	(8,951)	-	-
Net income for the year	-	-	-	-	37,264,856	37,264,856
Balance at December 31, 2018	192,141,828	38,314,140	4,377,255	7,923,789	(69,626,553)	(19,011,369)
Balance at January 1, 2019	**192,141,828**	**38,314,140**	**4,377,255**	**7,923,789**	**(69,626,553)**	**(19,011,369)**
Share-based compensation	-	-	-	547,466	-	547,466
Shares and warrants issued on private placement	5,000,000	375,668	124,332	-	-	500,000
Warrants expired	-	-	(1,774,357)	1,774,357	-	-
Net loss for the year	-	-	-	-	(5,246,163)	(5,246,163)
Balance at December 31, 2019	**197,141,828**	**38,689,808**	**2,727,230**	**10,245,612**	**(74,872,716)**	**(23,210,066)**

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

The Mint Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

	Note	2019 $	2018 $
OPERATING ACTIVITIES			
Net (loss)/income		**(5,246,163)**	37,264,856
Adjustments:			
Interest and accretion on debentures and promissory notes		**3,498,936**	1,817,428
Impairment of investment in vMobo	6	**-**	1,159,570
Gain on settlement of promissory notes		**(82,299)**	-
Stock based compensation	14	**547,466**	521,113
Foreign exchange loss (gain)		**-**	(89,012)
Gain on redemption or restructuring of debentures	9	**-**	(46,158,564)
Share of loss in investment in Mint UAE operations	5	**288,718**	2,042,661
Changes in non-cash working capital balances related to operations:			
Trade payables, accruals and other payables		**(743,872)**	2,418,081
Advances, deposits and prepayments		**23,833**	(14,473)
Net cash used in operating activities		**(1,713,381)**	**(1,038,340)**
INVESTING ACTIVITIES			
Investment in associates	5	**(288,718)**	(2,042,661)
Investment in vMobo Inc.		**-**	(1,159,570)
Net cash used in investment activities		**(288,718)**	(3,202,231)
FINANCING ACTIVITIES			
Proceeds from promissory note issuance/(repayment)		**(286,395)**	355,000
Proceeds from term loan	15(i)	**790,437**	-
Advances from/(advances to) related parties		**917,747**	(69,126)
Proceeds from share issuance	12	**500,000**	4,235,988
Issuance cost		**-**	(205,312)
Net cash from financing activities		**1,921,789**	4,316,550
Net change in cash during the year		**(80,310)**	75,979
Cash and cash equivalents, beginning of year		**174,068**	98,089
Cash and cash equivalents, end of year		**93,758**	174,068

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

1. Nature of Operations

Nature of operations

The Mint Corporation ("Mint" or the "Corporation") is a publicly listed company on the TSX Venture Exchange, trading under the stock ticker of "MIT". The registered office of the Corporation is at 333 Bay Street, Suite 1700, Toronto, Ontario M5H 2R2. The Corporation's primary business activities are through its subsidiaries and non-controlling interest entities in Dubai, United Arab Emirates ("UAE"). The Corporation is a 54% subsidiary of Global Business Services for Multimedia ("GBS"), Mint's business partner and co-owner of two key Mint companies in the UAE. GBS acquired its majority ownership position effective December 31, 2019 through its purchase of all of the Mint common shares formerly held by Gravitas Financial Inc. ("Gravitas").

To date Mint's affiliates in the UAE have focused on delivering payroll card services in the UAE, principally through Mint's subsidiary, Mint Middle East LLC ("MME"). MME manages the issuance, administration, customer support, payment processing and set-up and reporting of payroll cards. In addition, MME and its affiliates (collectively "Mint UAE") have also provided additional services to cardholders including mobile airtime top up and mobile payments. Over the past several years, Mint UAE has been developing additional services targeted towards individuals (including payroll cardholders), such as insurance and overdraft services, and services for merchants.

The Mint UAE operations are effectively controlled by GBS. During 2015, the Corporation finalized a management agreement (the "Management Agreement") with GBS, a shareholder of MME. Under the terms of the Management Agreement, GBS is entitled to a fixed management fee of UAE Dirham ("AED") 120,000 ($36,199) per month and a variable management fee of 20% of the net income of Mint UAE operations. The fixed management fee is payable effective May 1, 2014 and the variable management fee is payable effective January 1, 2015. In addition, GBS assumed the oversight of the day-to-day operations of the Corporation's UAE operations. Accordingly, the Corporation lost control over the UAE operations as of December 31, 2014.

The Corporation's UAE operations comprise five entities, all incorporated in the United Arab Emirates: Mint Middle East LLC ("MME"), Mint Electronic Payment Services Ltd ("MEPS"), Mint Capital LLC ("MCO") Mint Gateway for Electronic Payment Services ("MGEPS") and Hafed Holding ("Hafed"). MME is 51% owned by Mint, and 49% owned by GBS. MEPS is owned 49% by MME but is a fully controlled subsidiary of MME by virtue of a nominee agreement which provides for Board and management control to MME as well as a 100% commercial interest in the operations of MEPS. MCO is owned 100% by the Corporation. MGEPS is owned 49% by MCO and GBS owns the remaining 51%. Under the terms of a Nominee Agreement, dated June 28, 2015, GBS has nominated a 2% share of its ownership in MGEPS and related commercial interest in favour of MCO. Accordingly, MCO beneficially owns 51% of MGEPS. MGEPS owns 10% of Hafed's shares, with 49% commercial interest. The above five entities are together referred to as "Mint UAE Operations".

During 2014, Mint incorporated 2417624 Ontario Inc. This entity has no active operations and was formed to acquire and surrender for cancellation various debentures of the Corporation.

During 2014, MGEPS was incorporated to carry on the new operations being contemplated under a revised business strategy being developed to enhance Mint UAE Operations and MGEPS owns the required IT infrastructure.

During 2017, Hafed was incorporated to provide micro-loans to its customers base but the micro-loan program has not commenced.

1. Nature of operations (continued)

During 2018, Mint incorporated Mint Block Corp., ("MBC"). MBC, a Canadian incorporated company, is a wholly-owned subsidiary of Mint. MBC has not commenced operations and is inactive.

On February 4, 2020, Mint announced that the Mint UAE affiliates have entered into a binding asset purchase agreement to divest their direct payroll disbursement service business in the UAE to a payroll disbursement and card provider in the UAE. The transaction is more fully described in Subsequent Events (note 22). The buyer is a party at arm's length to the Corporation and Mint UAE. Mint UAE will remain focused on payment card processing and prepaid card products across multiple verticals including gift, prepaid, multi-currency and other industry segments excluding payroll cards.

Going concern

These consolidated financial statements ("Financial Statements") have been prepared on a going concern basis, which assumes the Corporation will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Corporation incurred a net loss of $5,246,163 during the year ended December 31, 2019 (for the year ended December 31, 2018 – net income $37,264,856) and, as of that date, the Corporation's curr ent liabilities exceeded its total assets by $7,030,344 (December 31, 2018 - $6,544,673). Further, the Corporation has incurred several years of losses and as at December 31, 2019, has a cumulative defic it of $74,872,716 (December 31, 2018 - $69,626,553); negative cash flows from operations for the year ended December 31, 2019 of $1,713,381 (for the year ended December 31, 2018 – $1,038,340); and has a shareholders' deficiency of $23,210,066 (December 31, 2018 - $19,011,369).

The Corporation will need to secure additional financing in order to meet the Corporation's requirements for funding of the business plan and pay its obligations as they come due. There is no assurance that these initiatives will be successful. These conditions represent material uncertainties that may cast significant doubts about the Corporation's ability to continue as a going concern. These financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and balance sheet classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

On September 27, 2019 Mint announced that Gravitas had entered into a securities purchase agreement (the "Purchase Agreement") with GBS and Mobile Telecommunication Group LLC ("MTG") (the "Buyers"), and the fiduciary, acting on behalf of the beneficial holders of substantially all of Gravitas' secured debt (the "Debtholder" and together with Gravitas, the "Sellers") pursuant to which the Buyers would acquire: (i) 109,670,736 common shares of Mint; (ii) 16,000,000 subscription receipts exercisable for 16,000,000 common shares of Mint for no additional consideration, (iii) 11,700,000 warrants to purchase 11,700,000 common shares of Mint at an exercise price of $0.10 per share, (iv) Gravitas' interest in any outstanding loans or other indebtedness of Mint and its associates (being loans and indebtedness of approximately $13,333,559); and (v) certain securities of Mint registered in the name of or otherwise controlled by the Debtholder, all in consideration for an aggregate purchase price of $6,595,000 less certain expenses of Mint that are funded by the Buyers pursuant to the Funding Agreement prior to closing (the "Transaction"). The common shares being purchased represented 56% of the outstanding common shares of Mint on a non-diluted basis (59% if the subscription receipts were to be exercised for no additional consideration). Mint also announced that the Buyers, Mint, Mint Middle East Ltd., Mint Capital LLC and Mint Gateway for Electronic Payment Services LLC had entered into an interim funding agreement (the "Funding Agreement") under which the Buyers agreed to provide

1. Nature of Operations (continued)

funding to negotiate, compromise and settle the outstanding payables owing by Mint and to fund the costs and expenses associated with the operation of Mint and its subsidiaries until the earlier of the closing of the Transaction and the termination of the Purchase Agreement. All amounts advanced under the Funding Agreement would become an unsecured, non-interest-bearing loan owing by Mint and its subsidiaries to the Buyers. That loan would become due one year and one day after the earlier of the closing of the Transaction and the termination of the Purchase Agreement. The closing of the Transaction was conditional upon the satisfaction of various closing conditions, including the parties receiving all necessary shareholder, TSX Venture Exchange and third-party consents, approvals and authorizations. The Transaction constituted a "change of control" of Mint within the meaning of that term under TSX Venture Exchange policies. On November 15, 2019 the TSX Venture Exchange advised the Corporation that it does not object to the change of control.

The effect of these transactions is that, as of December 31, 2019, GBS and MTG collectively acquired all of the Mint common shares held by Gravitas (103,957,827 common shares) from Gravitas such that Gravitas is no longer a shareholder of Mint. Also, as of December 31, 2019, MTG acquired all of the various debts of the Corporation which were formerly owed to Gravitas.

2. Basis of presentation and statement of compliance

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The significant accounting policies applied in these financial statements are presented below.

The financial statements were prepared on a going concern basis under the historical cost convention and these financial statements were authorized for issuance by the Board of Directors of the Corporation on June 11, 2020.

These Financial Statements have been presented in Canadian dollars ("$") unless otherwise stated and have been prepared on a historical cost basis, except for the revaluation of certain financial instruments.

These Financial Statements include the accounts of the Corporation, 2417624 Ontario Inc. ("OIC") (100%), and Mint Block Corp. (100%) with December 31st year ends, and the accounting policies of Mint are consistently applied to the subsidiaries. The Corporation's share in income or losses of associates is recognized on the equity basis of accounting in the consolidated statements of income/(loss) and comprehensive income/(loss). Associates include MME (51%), MGEPS (51%, through an ownership of 49% and a nominee agreement for 2%), MCO (100%), MEPS (49% but is a fully controlled subsidiary of MME by virtue of a nominee agreement, which provides for Board of Directors and management control to MME, plus a 100% commercial interest in the operations of MEPS, thus consolidated as a fully owned subsidiary of MME) and Hafed (25%, through a 49% commercial interest by MGEPS, which is 51% owned by the Corporation). All inter-company balances and transactions are eliminated on consolidation.

Translation of foreign currencies

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is also the Corporation's functional currency. All of the Corporation's UAE Operations have the functional currency of UAE Dirham. The functional currency of 2417624 Ontario Inc. and Mint Block Corp. is Canadian dollars.

2. Basis of presentation and statement of compliance (continued)

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences are recognized in profit or loss in the period in which they arise. The exception is for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to incur in the foreseeable future which form part of the net investment in a foreign operation and which are recognized in a foreign currency translation reserve within equity and recognized in profit of loss on disposal of the net investment.

Translation to presentation currency

For the purpose of presenting financial statements, the assets and liabilities of The Mint Corporation and its subsidiaries are expressed in Canadian dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized directly into other comprehensive loss and transferred the Corporation's foreign currency translation reserve. Such exchange differences are recognized in statement of gain and comprehensive gain in the period in which the foreign operation is disposed of.

3. Summary of significant accounting policies

Financial assets and liabilities

Financial assets

IFRS 9 — Financial Instruments and IFRS 15, *Revenue from Contracts with Customers*

Effective January 1, 2018, the Corporation adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers. Adoption of these standards had no significant financial impact on the Corporation 's financial statements. The Corporation has adopted the additional disclosures required under these standards. IFRS 9, Financial Instruments replaced the multiple classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, and set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost; fair value through other comprehensive income; and fair value through profit and loss. This classification of financial assets under IFRS 9 reflects the business model in which assets are managed and their contractual cash flow characteristics. IFRS 9 eliminated the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retained the requirements in IAS 39 for the classification and measurement of financial liabilities.

3. Summary of significant accounting policies (continued)

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. As required by IFRS 9, at the date of initial application, the Corporation classified its financial assets and financial liabilities at fair value.

The following table outlines the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Corporation 's financial assets and liabilities as at January 1, 2018:

Financial Instruments	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Advances, deposits and prepayments	Loans and receivables	Amortized cost
Trade payables and accruals	Other financial liabilities	Amortized cost
Interest due on debentures payable	Other financial liabilities	Amortized cost
Promissory notes payable	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost
Term loan	Other financial liabilities	Amortized cost
Debentures payable	Other financial liabilities	Amortized Cost

<u>Recognition and initial measurement</u>

The Corporation recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

<u>Classification and subsequent measurement</u>

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Corporation determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of advances, deposits and prepayments.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Corporation does not hold any financial assets measured at fair value through other comprehensive income.

3. Summary of significant accounting policies (continued)

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Corporation may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Corporation does not hold any financial assets designated to be measured at fair value through profit or loss.

The Corporation measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Corporation assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Corporation considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Corporation's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Corporation recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Corporation applies the simplified approach for trade receivables. Using the simplified approach, the Corporation records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

3. Summary of significant accounting policies (continued)

The Corporation assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Corporation continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Corporation has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets
The Corporation derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Corporation recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Corporation measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Corporation derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

For impairment assessments purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows, being cash generating units ["CGUs"]. At the end of each reporting period, the Corporation reviews and evaluates its operating entities and other assets at the CGU level to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the relevant CGU is estimated in order to determine the extent of the impairment.

3. Summary of significant accounting policies (continued)

Impairment of non-financial assets

When an impairment loss reverses in a subsequent period, the carrying amount of the related asset is increased to the revised estimate of recoverable amount to the extent that the increases carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset previously. Reversals of impairment losses are recognized in profit of loss in the profit or loss in the period in which the reversals occur.

Income taxes

Current tax assets and liabilities for the current and prior periods 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 deferred tax assets and liabilities are measured at future anticipated tax rates which have been enacted or substantively enacted at the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable tight exists to set off the amounts, and the Corporation intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

With certain exceptions, deferred tax assets and liabilities are provided on all qualifying temporary differences at the end of the reporting period between the tax basis of the assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and the tax basis of the investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority.

Provision and contingencies

Provisions are recognized when a legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market based pre-tax discount rate, the increase in the provision due the passage of time is recognized as interest expense.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured reliably or not probable of resulting in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the financial statements.

Share-based payments

Equity settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value is determined at the grant date of the equity settled and share based payment is expensed over the vesting period based on the Corporation's estimate of shares that will eventually vest. The fair value is measured by the use of a Black-Scholes option pricing model. The number of forfeitures likely to occur is estimated on the grant date. Any consideration paid by directors, officers and employees on exercise

3. Summary of significant accounting policies (continued)

of equity settled share-based instruments is credited to share capital. Shares are issued from treasury upon the exercise of equity settled share-based instruments.

Compensation expense on stock options granted to non-employees are measured at the date when the goods or services are received and is recorded as an expense in the same period as if the Corporation had paid cash for the goods or services received.

When the fair value of the goods or services received from non-employees in exchange for the share-based payment cannot be estimated, such as broker warrants issued in connection with financings, the fair value is measured by the use of a Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

Basic and diluted income (loss) per share

Basic income (loss) per share is computed by dividing net loss applicable by the weighted average number of voting shares outstanding during the reporting period. Diluted income (loss) per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from assumed exercise of common share purchase options and warrants, if dilutive. At December 31, 2019 the impact of the Corporation's outstanding options, subscription receipts and warrants were non-dilutive. At December 31, 2018, the impact of the Corporation's outstanding options and warrants were dilutive.

Investment in associates

Investments in associates is comprised of the Mint UAE Operations, significant influence arises because the Corporation has board representation, participation in overall strategy development and a financing interest. Associates are all entities over which the Corporation has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost.

Unrealized gains on transactions between the Corporation and its associates are eliminated to the extent of the Corporation's interest in the associates. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Corporation. Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of gain and comprehensive gain.

The Corporation assesses at each year end whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of gain and comprehensive gain.

Critical judgements and accounting estimates

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results could differ from these estimates.

3. Summary of significant accounting policies (continued)

The areas which require management to make significant judgements and accounting estimates determining the carrying values include, but not limited to:

Judgements

a) Determination of functional currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Corporation operates ("functional Currency"). The determination of the functional currency may require certain judgements to determine the primary economic environment. The functional currency of The Mint Corporation and its subsidiaries is primarily the Canadian dollar. The financial statements are presented in Canadian dollars, which is the Corporation's presentation currency.

b) Consolidation

Judgement is applied in assessing where the Corporation exercises control and significant influence over its subsidiaries, in which the Corporation directly or indirectly owns an interest. The Corporation has control when it has power over the subsidiary, has exposure, or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Corporation is determined to have control, these entities are consolidated. Additionally, judgement is applied in determining the effective date on which the Corporation obtains control.

Note 1 describes MME as an associate of the Corporation, in which it has 51% ownership interest in MME. The Corporation has significant influence over MME by virtue of its representation on the board of directors of MME and the ability to participate in certain decision-making processes by exercising veto rights. The Corporation does not control MME by virtue of a management agreement entered into with GBS, which provides GBS the current ability to direct the key activities that most significantly affect the returns. MEPS and Hafed are inactive and MCO holds the Corporation's holdings in MGEPS.

c) Legal provisions

The Corporation assesses the provision for legal or constructive obligations at each reporting period or when new material information becomes available. Legal and contractual matters are subject to interpretation and the Corporation may engage external advisors to assist with periodic assessments. To the extent that the interpretation of legal and contractual matters differ significantly from estimates, the actual judgements and settlement amounts may vary significantly from management's estimates.

d) Classification of liability and equity components of promissory notes and warrants

Judgement is applied in determining the classification of liability and equity components at the time of issuance and at reporting periods.

3. Summary of significant accounting policies (continued)

Use of accounting estimates

a) Estimates relating to intercompany advances

The Corporation is required to estimate the carrying value of its investment in the Mint UAE Operations. Based on the financial condition of the entities, and the uncertainty regarding their ability to repay the Corporation's advances, as of December 31, 2019 the Corporation estimated the carrying value as nil, as presented in Note 5.

b) Valuation of warrants issued to investors

The Corporation's warrant instruments issued to investors are measured at fair value on the date of issuance. Fair value is calculated using a Black-Scholes option pricing model which requires management to make estimates regarding appropriate risk-free rates and expected lives of the instruments.

c) Impairment of assets

When there are indications of an asset or CGU may be impaired, the Corporation is required to estimate the asset's or CGU's recoverable amounts. The recoverable amount is the greater of value in use and fair value less costs of disposal. Determining the value in use requires the Corporation to estimate the expected future cash flows associated with the assets and a suitable discount rate in order to calculate the present value. Investments in associates are tested for impairment when objective evidence of impairment exists. Impairment is recorded if the recoverable amount, determined by either fair value less costs to sell or value in use exceeds the carrying value of the investment. Inputs to the value in use test of Mint UAE Operations requires assumptions about future growth rates of the business and discount rates.

d) Impairment of investment in vMobo

As of December 31, 2019, the notes with aggregate principal amount of USD$850,000 had not been repaid by vMobo Inc. and are past due. vMobo Inc. is a private company and neither the notes nor the common shares of vMobo trade on a market. While the Corporation will pursue its rights under the terms of the notes, given the vMobo's weak financial condition and default in repayment, the Corporation assessed the investment in vMobo to be credit impaired at the reporting date and recognized a loss allowance for the full amount of expected credit losses associated with its investment in vMobo and has not recorded accrued interest. The Corporation also has assigned nil value at December 31, 2019 and December 31, 2018 to the option to acquire 75% ownership in vPay given the reasons cited above.

e) Valuation of debentures

The principal portion of the Series A debentures that were restructured in May, 2018 were discounted at an assumed interest rate to establish the value of the debentures for accounting purposes. The discount rate reflects the timing and amount of interest coupon payments, and retirement of the principal at its December 31, 2021 maturity date. In accordance with accounting standards, Mint is required to use an interest rate that assumes a debt obligation on an unsecured basis without any adjustment to reflect the security granted for that debt, or the value of the additional securities granted at no cost as part of the transaction (i.e. common shares, warrants and subscription receipts). On this basis, a 25% interest rate has been used as the rate on unsecured debt that a company in Mint's comparable condition would incur on unsecured debt. The Corporation recorded accretion expense in 2018 and 2019 to reflect the increased liability for accounting purposes of these debentures. Refer to Note 10 for details.

3. Summary of significant accounting policies (continued)

(f) Warrants, subscription receipts and options

Warrants and options were valued using the Black-Scholes pricing model. Refer to notes 12 and 13 for details. Subscription receipts were valued based on the Mint's share price on the grant date of May 31, 2018, the terms to expiry, and an estimated range of discount rates ranging from 56.8% to 82.1%. Refer to note 12 for details.

(g) Promissory notes

The host or liability component of the promissory note was recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate of 25% per annum for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated warrant. The carrying amount of the warrants was estimated using the residual method, comprising the difference between the principal amount and the initial carrying value of host debt component and is included as a reserve in shareholder's equity. Refer to Note 11 for details.

New standards and interpretations adopted

The following new or amended accounting standards were adopted by the Corporation for the year ended December 31, 2019.

IFRS 16 — Leases

In January 2016, the IASB issued IFRS 16, Leases, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, Leases, and other lease related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard was effective and adopted on January 1, 2019 for the Corporation. When the Corporation is the lessee, it is expected that the application of IFRS 16 will result in statement of financial position recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. During 2019 the Corporation did not have any leases in place, and accordingly implementation of this standard had no impact on its assets and liabilities or expenses.

New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFIC that are mandatory for accounting periods on or after January 1, 2020 or later periods. Many are not applicable or do not have significant impact on the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation:

a) IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October, 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. These amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. These pronouncements have not yet been adopted and are being evaluated to determine their impact on the Corporation.

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

(g) Promissory notes (continued)

New standards and interpretations not yet adopted (continued)

b) IFRS 3 – Definition of a Business. On October 22, 2018, the IASB issued amendments to IRFS Business Combinations, that seek to clarify whether a transaction results in an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. This amendment has not yet been adopted and is being evaluated to determine its impact on the Corporation.

4. HST recovery

During the year ended December 31, 2018, the Corporation received refunds of HST receivables totaling $610,244. These amounts were recorded as income in the statement of gain/(loss) and comprehensive gain/(loss) for 2018 as a provision had previously been taken in 2017.

5. Investment in Mint UAE operations

As at December 31, 2019, the carrying value of the investment in Mint UAE Operations is as follows:

	$
Balance, January 1, 2018	-
Add: Additional working capital funds invested	2,042,661
Share of results of associates for the period	(2,042,661)
Balance, December 31, 2018	-
Add: Additional working capital funds invested	288,718
Share of results of associates for the period	(288,718)
Balance, December 31, 2019	**-**

A summary of financial information of associates is as follows:

Balance sheet at December 31, 2019	**MME** $	**MEPS** $	**MCO** $	**MGEPS** $	**Hafed** $	**Total** $
Current assets	2,164,810	40,244	13,752	7,884,453	318,687	10,421,946
Non-current assets	662,183	-	-	3,564,653	100,476	4,327,312
Current liabilities	13,329,954	10,903	2,175,269	10,650,593	483,812	26,650,530
Non-current liabilities	776,017	14,796	-	8,467,403	-	9,258,217

Balance sheet at December 31, 2018	**MME** $	**MEPS** $	**MCO** $	**MGEPS** $	**Hafed** $	**Total** $
Current assets	1,494,444	41,417	14,153	149,561	311,723	2,011,298
Non-current assets	882,713	-	-	4,450,946	118,967	5,452,626
Current liabilities	10,551,488	11,220	2,230,278	10,496,122	(493,978)	22,795,130
Non-current liabilities	503,396	15,228	-	7,793,810	311,723	8,624,157

(Expressed in Canadian Dollars)

5. Investment in Mint UAE operations (continued)

Statement of income (loss) for the year ended December 31, 2019

	MME	MEPS	MCO	MGEPS	Hafed	Total
	$	$	$	$	$	$
Revenues	5,192,623	-	-	519,014	-	5,711,637
Other operating income	34,807	-	-	84,668	-	119,475
Operating costs	(7,475,631)	-	(22,261)	(540,474)	(2,702)	(8,041,068)
(Impairment)/reversal of financial assets	(171,621)	-	-	6,946,247	-	6,774,626
Finance costs	(209)	-	-	(293,909)	-	(294,118)
Depreciation and amortization	(453,699)	-	-	(998,951)	-	(1,452,650)
Net loss	**(2,873,730)**	**-**	**(22,261)**	**5,716,595**	**(2,702)**	**2,817,902**

Statement of loss for the year ended December 31, 2018

	MME	MEPS	MCO	MGEPS	Hafed	Total
	$	$	$	$	$	$
Revenues	4,180,106	-	-	-	-	4,180,106
Other operating income	106,059	-	-	19,441	-	125,500
Operating costs	(6,807,943)	-	(27,061)	(637,265)	(51,862)	(7,524,131)
Impairment of financial assets	(172,093)	(1,529,490)	(52,920)	(6,815,536)	-	(8,570,039)
Finance costs	-	-	-	(287,232)	-	(287,232)
Depreciation and amortization	(278,271)	-	-	(798,298)	-	(1,076,569)
Net loss	**(2,972,142)**	**(1,529,490)**	**(79,981)**	**(8,518,891)**	**(51,862)**	**(13,152,366)**

The presentation of the statements of loss for the years ended December 31, 2018 and 2019 have been changed from the previous year reporting to more accurately reflect the classification of costs.

In 2018, the Mint UAE entities implemented International Financial Reporting Standards (IFRS) 9 whereby each Mint UAE company assessed the value ascribed to their financial assets, including the value recorded of receivables from other Mint UAE companies on an individual company basis rather than on Mint UAE Operations basis. Based on the financial condition of each Mint UAE company, each company made a provision for the intercompany receivable and the provisions are reflected in the impairment of financial assets shown in the table above. In 2019, the Mint UAE companies conducted a write back of allowances for expected credit losses on amounts due from related parties.

For the year ended December 31, 2019, the Corporation’s share of losses of affiliates was limited to the amount of working capital invested of $288,718 (2018 - $2,042,661). During the year, one of the associate entities, MGEPS, reported a gain of $5,716,595 of which the Corporation’s share of $2,915,464 was offset against previously unrecognized losses.

6. Investment In vMobo Inc.

On February 23, 2018 the Corporation advanced US$500,000 to vMobo Inc., a California-incorporated company with its primary operations in India providing mobile payments processing (via its vPay mobile processing division) and ecommerce services. According to the provisions of a signed term sheet, the Corporation acquired 8% secured convertible debenture promissory notes issued by vMobo Inc. with a twelve-month maturity. On April 5, 2018 the Corporation advanced an additional US$350,000 to vMobo Inc. under the same terms. Prior to the maturity date the Corporation has the right to invest an additional US$1,500,000 on the same terms. The notes contain a conversion provision whereby the Corporation may convert at any time, all or a portion of the outstanding principal and accrued interest into common shares of vMobo Inc. at a price per share equal to US$20 million divided by the then fully diluted number of common shares of vMobo Inc. The term sheet stated that a business plan for vPay would be prepared and agreed upon by the Corporation and vMobo Inc. The Corporation was also granted the right to appoint a member to the Board of vMobo Inc., however, this right has not been exercised.

(Expressed in Canadian Dollars)

6. Investment In vMobo Inc. (continued)

The provisions of the term sheet included an agreement by vMobo Inc. to create a separate company ("vPay Company") with all of the assets of the vMobo mobile payments division. The Corporation was granted an option, for twelve months from closing of the loan investment, to acquire treasury shares of common stock representing 75% of the fully diluted common stock of the newly formed "vPay Company" on the date the option is exercised. The exercise price of the option is US$1,000,000. If the Corporation exercised the option, vPay would be the exclusive payments platform for the vClusive division of vMobo Inc. on commercially reasonable terms and vClusive would be granted a perpetual license to use the vPay payments platform.

The Corporation and vMobo Inc. did not proceed with preparing a business plan and vPay as a separate company has not been established by vMobo Inc. The Corporation has not exercised its rights to make an additional investment in vMobo Inc. or invest in vPay. As of December 31, 2019, the notes totaling USD$850,000 plus accrued interest had not been repaid by vMobo Inc. and are past due.

vMobo Inc. is a private company and neither the notes nor the common shares of vMobo trade on a market. While the Corporation will pursue its rights under the terms of the notes, for the year ended December 31, 2018 the Corporation made a full provision for the principal amount of the notes and has not recorded accrued interest in 2018 or 2019. The Corporation also has assigned nil value at December 31, 2019 to the option to acquire 75% ownership in vPay given the reasons cited above.

7. Gain on settlement of creditors

During 2019 the Corporation agreed to settle debts totaling $1,321,109 with trade creditors, related parties and Series 2018N promissory noteholders by way of cash payments totaling $758,884 (of which $44,504 was paid in January, 2020) for a net gain of $562,225.

8. Financing costs

The Corporation incurred finance costs as follows:

	2019	2018
	$	$
Interest Expense	753,775	1,423,460
Accretion Expense	2,942,108	1,817,428
Commissions on Raising Funds	-	6,500
	3,695,883	3,247,388

9. Debentures held by MTG

As at December 31, 2019, MTG acquired a total of $1,286,156 debentures from Gravitas (December 31, 2018 - $1,286,156). These unsecured debentures were issued to Gravitas during November 2013 and January 2014 and bear interest at 12% per annum. Under the terms of their issuance, the debentures and accrued interest were convertible into common shares of the Corporation during the period ended November 22, 2015 at a conversion price of $0.10 per share. The debentures matured on November 22, 2015 and have not been redeemed or converted as of December 31, 2019. These are included under Due to Related Parties on the statement of financial position. Refer Note 15.

(Expressed in Canadian Dollars)

10. Debentures payable – Series A and C

Debentures as at December 31, 2019:

	Series A $	Series C $	Total $
Balance, January 1, 2019	12,466,696	-	12,466,696
Accretion expense	2,922,589	-	2,922,589
Accrued interest (October 1 - December 31, 2019)	498,630	-	498,630
Balance, December 31, 2019	15,887,915	-	15,887,915
Less: Current portion	(498,630)	-	(498,630)
Non-current portion	15,389,285	-	15,389,285

Debentures as at December 31, 2018:

	Series A $	Series C $	Total $
Balance, January 1, 2018	48,535,156	9,935,499	58,470,655
Interest accretion (a)	1,753,021	55,526	1,808,547
Series A restructured (a)	10,810,363	-	10,810,363
Settlement of debentures (a)	(48,631,844)	(9,991,025)	(58,622,869)
Balance, December 31, 2018	12,466,696	-	12,466,696
Less: Current portion	-	-	-
Non-current portion	12,466,696	-	12,466,696

(a) On May 31, 2018, Mint completed a transaction to restructure the Corporation's Series A and Series C debentures having an aggregate value of principal and accrued interest of $64,062,727. Substantially all of the Series A debentures were held by two holders (the "Majority Series A Holders") with all of the Series C debentures being held by one of the Majority Series A Holders. As part of the transaction, the Corporation acquired for cancellation Series A debentures with an aggregated value of principal and accrued interest of $40,449 for $8,084, thereby leaving the Majority Series A Holders as the sole holders of the Series A debentures at closing.

Under the transaction, Mint acquired for cancellation $28,979,520 principal amount of the outstanding Series A debentures and all claims for interest and other amounts owing under the Series A debentures, thereby reducing the amount owing to $20,000,000. The Series A debentures were amended to provide that they mature on December 31, 2021 and, commencing on October 1, 2019, bear cash interest at 10% per annum, payable quarterly.

If Mint does not have sufficient funds to pay cash interest when required, the shortfall can be paid by the issuance of subscription receipts convertible into common shares of Mint priced at the greater of 95% of the 10-day volume weighted average price of the common shares and the minimum price permitted by the TSX Venture Exchange. Each subscription receipt will convert, for no additional consideration, into one common share of Mint at the election of the holder within one year from the date of issuance.

The Series C debentures in the principal amount of $10,000,000 were amended to postpone that debt in favour of the Series A debentures and to provide that the Series C debentures would be cancelled and deemed to be repaid upon payment of the Series A debentures. This amendment retained the security under the Series C debentures but limited the total debt under the Series A and Series C debentures to $20,000,000 owing under the Series A debentures. This $20,000,000 owing under the Series A debentures was the agreed total settlement of the principal and accrued interest on the Series A and Series C debentures. The Series A debentures are secured by a first position security in the assets of Mint and MME. The Series C debentures are secured by security in the assets of Mint and MCO.

10. Debentures payable – Series A and C (continued)

In consideration for the settlement, the Series A holders received at no additional cost: (a) 17,300,000 common shares of Mint, (b) 11,700,000 common share purchase warrants of Mint, and (c) subscription receipts to acquire a total of 16,000,000 common shares of Mint. Each warrant is exercisable for one common share at any time on or after January 1, 2019 and on or before December 31, 2021 at an exercise price of $0.10. The subscription receipts were issued in eight series of 2,000,000 subscription receipts per series with each subscription receipt exercisable into one common share of Mint. The subscription receipts are exercisable on or after the respective exercise date until December 31, 2022.

As of December 31, 2019, all 16,000,000 subscription receipts were exercisable but had not been exercised. All subscription receipts are subject to a one-year hold from the date of their respective Subscription Receipt Date. All subscription receipts that are not exercised and converted on or prior to December 31, 2022 expire automatically.

On December 19, 2019, the Corporation and the Buyers agreed to change the debenture trust agreement such that the Corporation would pay any interest amounts by the issuance of common shares instead of subscription receipts. As of December 31, 2019, the Corporation had not issued the common shares to settle the interest payment for the period October 1, 2019 to December 31, 2019, accordingly, interest owing of $498,630 is recorded as a current liability.

Effective December 31, 2019, the Series A debentures were acquired by MTG from the Series A debenture holders as part of the Gravitas Transaction. As MTG is a related party to Mint, as of December 31, 2019 the Series A debentures are a related party debt.

<u>Gain on Restructuring of Series A and Series C Debentures in 2018</u>

In 2018 Mint recognized a gain of $45,831,643 arising from the restructuring of the Series A and Series C debentures. At the time of the restructuring transaction the principal and accrued interest owing on all Series A debentures held by the “majority” and “minority” holders, and the Series C debentures was $64,062,727.

The Corporation has estimated the fair value of consideration granted, in accordance with accounting standards, as follows:

(i) $10,810,363 being the present value of the $20,000,000 principal amount of the Series A debentures, discounted at an assumed interest rate of 25% per annum. This discount rate reflects the timing and amount of interest coupon payments, and retirement of the principal at its December 31, 2021 maturity date. In accordance with accounting standards, Mint is required to use an interest rate that assumes a debt obligation on an unsecured basis without any adjustment to reflect the security granted for that debt, or the value of the additional securities granted at no cost as part of the transaction (i.e. common shares, warrants and subscription receipts). On this basis, a 25% interest rate has been used as the rate on unsecured debt that a company in Mint’s comparable condition would incur on unsecured debt;

(ii) $3,460,000 being the value of the 17,300,000 common shares granted at the May 31, 2018 share price of $0.20 per common share;

(iii) $2,275,977 being the estimated fair value of the 11,700,000 warrants granted at the closing date using the Black-Scholes pricing model;

10. Debentures payable – Series A and C (continued)

(iv) $932,474 being the estimated fair value of the 16,000,000 subscription receipts granted at the closing date using the Black-Scholes pricing model; and

(v) $8,084 being the purchase price paid by Mint to acquire for cancellation the Series A debentures not held by the "majority" holders valued at $40,449.

Transaction costs of $744,186, comprising of $417,265 of legal fee and $326,921 of investor warrants, were incurred as part of the transaction and have been expensed. The grant date fair value of the warrants issued was determined using the Black-Scholes model with the following assumptions: an expected volatility of 218%; a risk-free rate of 1.75%; an expected life of 2.8 years; no expected dividends; and a share price of $0.13.

11. Promissory notes payable

On August 30, 2018, the Corporation issued $305,000 principal amount of Series 2018N unsecured promissory notes with a maturity twelve months from the first closing of the offering. The Corporation also issued a total of 610,000 investor warrants (two bonus nontransferable warrants for every $1.00 principal amount of notes) which as of August 29, 2019 expired unexercised. The notes bear interest at 15% per annum, which accrues and is payable at maturity. Overdue principal and interest bears interest at 18% per annum from maturity date until paid.

The holders of the notes were entitled to participate in any equity private placement (a "Subsequent Offering") closed by the Corporation prior to the repayment of the notes, in the case of each note holder up to an amount equal to the principal plus interest payable on the holder's note at the time of the Subsequent Offering. The price payable by note holders who elect to participate in a Subsequent Offering will be the greater of (i) a 15% discount to the price payable by subscribers who are not note holders, and (ii) the minimum price permitted by the TSX Venture Exchange. If a note holder elected to participate in a Subsequent Offering, the holder's note would be exchanged for securities under the Subsequent Offering. The Corporation paid finder commission compensation of $4,000 and issued 8,000 finder warrants with grant date fair value of $777.

On November 12, 2018, the Corporation conducted a second closing of the Series 2018N financing with net proceeds of $50,000. Mint issued 100,000 investor warrants and 4,000 finder warrants in conjunction with the second closing with grant date fair value of $314.

The above promissory notes were determined to be compound financial instruments comprising a host debt component and a residual equity component representing the warrants. The host or liability component of the promissory note was recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate of 25% per annum for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated warrant. The carrying amount of the warrants was estimated using the residual method, comprising the difference between the principal amount and the initial carrying value of host debt component and is included as a reserve in shareholders' deficiency.

(Expressed in Canadian Dollars)

11. Promissory notes payable (continued)

Below is the movement in promissory notes:

	Total $
Proceeds from issuance of promissory notes	355,000
Amount allocated to equity/warrants on issuance	(28,400)
Accretion expense	8,881
Balance, December 31, 2018	335,481
Accretion expense	19,519
Interest expense	58,198
Loss (gain) on debt settlement	(82,299)
Payments to debtholders on December 31, 2019	(286,395)
Balance, December 31, 2019	44,504

Due to cash constraints, the Corporation was unable to pay the principal and accrued interest at maturity. In December, 2019, Mint negotiated a settlement with the Series 2018N promissory noteholders for less than the full amount of the principal and interest. The noteholders agreed that the aggregate principal and accrued interest owing on the notes totaled $413,198 and agreed to settle this amount by way of cash payments totaling $330,899, representing a gain of $82,299. As of December 31, 2019, an amount of $44,504 remained payable which was subsequently paid in January, 2020.

12. Share capital

The authorized share capital of the Corporation consists of an unlimited number of common shares.

	December 31, 2019		December 31, 2018	
	Number of Common Shares	Amount $	Number of Common Shares	Amount $
Balance, beginning	192,141,828	38,314,140	152,877,122	32,439,995
Shares issued on private placement	5,000,000	375,668	18,409,091	2,139,496
Cash commission on private placements	-	-	-	(25,737)
Investor warrants issued on private placement	-	-	-	(214,955)
Shares issued on restructuring of Series A debentures	-	-	17,300,000	3,460,000
Shares issued on exercise of warrants	-	-	3,555,615	515,341
Balance, ending	197,141,828	38,689,808	192,141,828	38,314,140

(a) In early January 2018, the Corporation completed a first closing of 15,000,000 units at $0.20 each for proceeds of $3,000,000. Each unit consists of one common share in the Corporation and one warrant. Each warrant is exercisable for one common share during the 12 months following the first closing of the offering for an exercise price of $0.30. The grant date fair value of these warrants was determined to be $3,372,399. Proceeds received on the issuance of units consisting of common shares and warrants were allocated between the common share and warrant component based on relative fair values with $1,711,996 being allocated to the shares and $1,288,004 being allocated to the warrants.

12. Share capital (continued)

The Corporation paid finder commission compensation of $132,300 and 661,500 finder warrants. The grant date fair value of these finder warrants was determined to be $188,811.

The fair value of warrants and finder warrants was determined using Black Scholes option pricing model using the following weighted average assumptions: an expected volatility of 223%; a risk-free rate of 1.71%; an expected life of 1 year; no expected dividends; and a share price of $0.31.

A second closing was completed in late January for the sale of 3,409,090 units at $0.22 each to raise $750,000. The grant date fair value of these warrants was determined to be $995,707. Proceeds received on the issuance of units consisting of common shares and warrants were allocated between the common share and warrant component based on relative fair values with $427,500 being allocated to the shares and $322,500 being allocated to the warrants.

In connection with this closing, the Corporation paid finder compensation consisting of $28,700 and issued 130,454 finder warrants with grant date fair value of $49,963.

The fair value of warrants and finder warrants was determined using Black Scholes option pricing model using the following weighted average assumptions: an expected volatility of 223%; a risk-free rate of 1.77%; an expected life of 1 year; no expected dividends; and a share price of $0.38

(b) On May 31, 2018, Mint issued 17,300,000 common shares valued at $3,460,000 pursuant to the restructuring of the Series A and Series C debenture restructuring, as described in note 8 above.

(c) On March 13, 2019, the Corporation completed the sale of 5,000,000 units (the “Units”) at a price of $0.10 per Unit, for gross proceeds of $500,000. Each Unit consists of one common shares and one-half common share purchase warrant. See note 13(e) for details of the purchase warrants. The gross proceeds were allocated to capital stock ($375,668) and warrants ($124,332).

(d) On July 12, 2019, Mint announced that it had implemented a deferred compensation plan (the “Plan”) under which $140,833 of bonus compensation had been allocated. Under the Plan, service providers agreed to work at a reduced cash rate in return for bonus compensation which is (i) deferred, (ii) convertible into common shares of Mint at the election of Mint or the service provider, and (iii) otherwise payable in cash. All of the bonus compensation has now vested and is convertible into common shares of Mint at a price of $0.05 per share. Subsequent to the 2019 year end, the Corporation received approval from the TSX Venture Exchange for the issuance of 2,816,640 shares to settle $140,833 of bonus compensation.

(Expressed in Canadian Dollars)

13. Warrants and subscription receipts

Share purchase warrants outstanding as of December 31, 2019 and December 31, 2018 are summarized below:

Warrants Issued	Number of warrants	Grant date	Expiry date	Exercise price ($)
Balance, January 1, 2018	3,500,000			0.22
Warrants issued note (a)	9,070,000	11-Jan-18	11-Jan-19	0.30
Warrants issued note (a)	5,930,000	18-Jan-18	11-Jan-19	0.30
Warrants issued note (a)	3,409,091	25-Jan-18	25-Jan-19	0.30
Finder warrants issued note (a)	302,400	11-Jan-18	11-Jul-19	0.30
Finder warrants issued note (a)	359,100	18-Jan-18	11-Jul-19	0.20
Finder warrants issued note (a)	130,454	25-Jan-18	25-Jul-19	0.22
Broker warrants issued note (b)	1,180,000	22-Feb-18	27-Nov-20	0.13
Warrants issued on Series A restructuring note (c)	11,700,000	31-Jul-18	31-Dec-21	0.10
Warrants, correction	2,100	16-May-14	16-May-18	0.15
Warrants exercised during the period note (d)	(3,555,615)			0.14
Warrants issued note (e)	610,000	30-Aug-18	30-Aug-19	0.20
Finder warrants issued note (e)	8,000	30-Aug-18	30-Aug-19	0.20
Warrants issued note (e)	100,000	12-Nov-18	30-Aug-19	0.20
Finder warrants issued note (e)	4,000	12-Nov-18	30-Aug-19	0.20
Balance, December 31, 2018	32,749,530			0.23
Warrants issued note (f)	2,500,000	13-Mar-19	13-Mar-21	0.20
Warrants expired	(19,869,530)			0.22
Balance, December 31, 2019	**15,380,000**			**0.12**

(a) In January 2018, the Corporation issued a total of 18,409,091 common share purchase warrants (as described in note 11 (c) above). These common share purchase warrants expired unexercised in January, 2019.

(b) On February 22, 2018, the Corporation entered into a consulting agreement under which the consultant provided assistance with the restructuring of the Series A and Series C debentures. The consultant was issued 1,180,000 common share purchase warrants. Each common share purchase warrant is exercisable for one common share of Mint at an exercise price of $0.13 per share over a three-year period ending in November 27, 2020. 50% of the warrants will vest upon execution of a term sheet and remaining 50% upon closing of the financing. The grant date fair value of these warrants was determined to be $326,921 which has been recorded in the statement of changes in shareholders' deficiency. The grant date fair value was determined using the Black-Scholes model with the following assumptions: an expected volatility of 218%; a risk-free rate of 1.75%; an expected life of 2.8 years; no expected dividend; and a share price of $0.13.

(c) On May 31, 2018, the Corporation issued 11,700,000 warrants to the holders of the Series A debentures as described in note 9 above. Each warrant is exercisable for one common share of Mint at an exercise price of $0.10 on or before December 31, 2021. The grant date fair value of these warrants was determined to be $2,275,977. The grant date fair value was determined using the Black-Scholes model with the following assumptions: an expected volatility of 216%; a risk-free rate of 1.99%; an expected life of 3.58 years; no expected dividend; and a share price of $0.20.

(e) On August 30, 2018, the Corporation issued 610,000 warrants to the holders of the Series 2018N Promissory Notes, as described in Note 10 above. On November 12, 2018, the Corporation issued 100,000 investor warrants to the holders of the Series 2018N Promissory Notes on the same terms. These investor warrants expired unexercised on August 29, 2019.

In conjunction with the Series 2018N Promissory Note financing, the Corporation issued a total of 12,000 finder's warrants. These finder's warrants expired unexercised on August 29, 2019.

(Expressed in Canadian Dollars)

13. Warrants and subscription receipts (continued)

(f) On March 13, 2019, the Corporation completed the sale of 5,000,000 units (the “Units”) at a price of $0.10 per Unit, for gross proceeds of $500,000. Each Unit consists of one common shares and one-half common share purchase warrant. Each whole warrant is exercisable for one common share during the period ending March 13, 2021 for an exercise price of $0.20. If the volume weighted average price of the common shares on the TSX Venture Exchange is over $0.40 per share for five consecutive trading days ending more than four months after the last closing of the private placement, the Corporation may give written notice to the registered holders of the warrants accelerating the expiry date to a date not less than 30 days following the date of that notice. The grant date fair value of these warrants of $124,332 was determined using the Black-Scholes model with the following assumptions: an expected volatility of 159%; a risk-free rate of 1.67%; an expected life of 2.0 years; no expected dividend; and a share price of $0.11.

(g) No warrants were exercised during the twelve months ended December 31, 2019. During 2018, 3,555,615 warrants were exercised for a total exercise price of $485,988.

(h) During the twelve months ended December 31, 2019 a total of 19,869,530 warrants with a weighted average exercise price of $0.22 expired.

Subscription receipts

	Number of Subscription Receipts	Subscription Exercisable Date	Expiry Date	Share Price as at Measurement Date ($)	FV per Receipt ($)
Balance, January 1, 2018	-				
Series 1 - issued	2,000,000	May 31, 2018	December 31, 2022	0.20	0.086
Series 2 - issued	2,000,000	May 31, 2018	December 31, 2022	0.20	0.088
Series 3 - issued	2,000,000	June 30, 2018	December 31, 2022	0.20	0.084
Series 4 - issued	2,000,000	September 30, 2018	December 31, 2022	0.20	0.048
Series 5 - issued	2,000,000	December 31, 2018	December 31, 2022	0.20	0.044
Series 6 - issued	2,000,000	March 31, 2019	December 31, 2022	0.20	0.041
Series 7 - issued	2,000,000	June 30, 2019	December 31, 2022	0.20	0.039
Series 8 - issued	2,000,000	September 30, 2019	December 31, 2022	0.20	0.036
Balance, December 31, 2018	16,000,000				
Balance, December 31, 2019	16,000,000				

As part of the restructuring transaction described in note 9 (a) above, the holders of the Series A debentures were granted subscription receipts with each subscription receipt exercisable into one common share at no cost. The subscription receipts were issued in eight series, with each series consisting of 2,000,000 subscription receipts. Each holder of a subscription receipt of a series has the option to exercise such subscription receipt on any day during the exercise period. All subscription receipts that are not exercised and converted on or prior to December 31, 2022 shall expire automatically. Any common shares issued upon conversion of the subscription receipts shall be subject to a one-year hold from the respective subscription receipt date.

The grant date fair value of these subscription receipts was determined to be $932,474 based on the Mint share price on closing date of $0.20, the terms to expiry, and an estimated range of discount rates ranging from 56.8% to 82.1% reflecting the lack of marketability of these receipts. As of December 31, 2019, all 16,000,000 subscription receipts were exercisable; however, the holders have not exercised their option to convert these subscription receipts into common shares.

(Expressed in Canadian Dollars)

14. Stock options

At an Annual General and Special Meeting of the Corporation's shareholders held on July 23, 2018, shareholders approved an amendment to the existing stock option plan to allow the Corporation to grant options to directors, officers, employees and consultants up to a maximum of 10% of the total number of issued and outstanding shares of the Corporation.

The fair value of stock options granted during the year ended December 31, 2019 of $378,606 (2018 – $768,783) was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions in the table below and has been recorded as a separate component of equity.

	2019	**2018**
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Expected average volatility	177% – 184%	112% – 209%
Risk-free average interest rate	1.61% – 1.77%	1.75% – 2.26%
Expected option life (years)	3.0	0.6 – 3.0
Share price	$0.03 – 0.14	$0.12 – 0.46
Exercise price	$0.05 - $0.13	$0.10 - $0.25

Using the fair value method, total stock-based compensation expense was $547,466 (2018 - $521,113) and has been recorded in the statement of gain and comprehensive gain. Stock options outstanding as of December 31, 2019 and 2018 are summarized below:

Options granted	**Number of options**	**Grant date**	**Expiry date**	**Exercise price ($)**
Balance, January 1, 2018	7,550,000			0.10
Stock options granted to consultant	1,000,000	07-Mar-18	15-Feb-21	0.30
Stock options granted to employee	400,000	28-Aug-18	23-Jul-21	0.18
Stock options granted to former directors	400,000	28-Aug-18	09-Feb-19	0.13
Stock options granted to employees	475,000	28-Aug-18	28-Aug-21	0.20
Stock options granted to consultants	1,750,000	28-Aug-18	28-Aug-20	0.25
Stock options granted to consultants	1,000,000	30-Oct-18	30-Oct-20	0.12
Stock options forfeited and cancelled	(650,000)			0.12
Balance, December 31, 2018	11,925,000			0.15
Stock options granted to directors	2,700,000	20-Feb-19	20-Feb-22	0.13
Stock options granted to employees and officer	300,000	20-Feb-19	20-Feb-22	0.13
Stock options granted to director	100,000	22-Nov-19	22-Nov-22	0.05
Stock options expired/forfeited	(4,750,000)			0.14
Balance, December 31, 2019	**10,275,000**			**0.13**

(a) On March 7, 2018, the Corporation granted 1,000,000 stock options to a consultant at an exercise price $0.30 per share with an expiry date of February 15, 2021 which vested fully on the date of grant.

14. Stock options (continued)

(b) On August 28, 2018, the Corporation granted i) 400,000 stock options to an officer of the Corporation at an exercise price of $0.125 per share, vesting equally over two years; ii) 400,000 stock options to consultants at an exercise price of $0.125 per share with an expiry date of February 9, 2019 and vest fully on the date of grant; iii) 2,225,000 stock options consisting of (a) 300,000 options to an employee at an exercise price of $0.20 per share with an expiry date of August 28, 2021 and vesting as to one-third on each of August 28, 2018, August 28, 2019 and August 28, 2020, (b) 175,000 options to an employee at an exercise price of $0.20 per share with an expiry date of August 28, 2021 and vesting as to one-half on each of August 28, 2018 and August 28, 2019, and (c) 1,750,000 options to consultants at an exercise price of $0.25 per share with an expiry date of August 28, 2020 and vesting as to one-quarter on each of August 28, 2018, November 28, 2018, February 28, 2019 and May 28, 2019.

(c) On October 30, 2018, the Corporation granted 1,000,000 stock options to a consultant at an exercise price of $ 0.12 per share with an expiry date of October 30, 2020. 25% of the options vest on January 31, 2019, 25% on April 30, 2019, 25% on July 31, 2019 and 25% on October 31, 2019. Under the terms of the consulting agreement the Corporation had the right to terminate the agreement with a minimum of 500,000 stock options vesting and the balance to be forfeited. Effective December 31, 2018, the Corporation had cancelled the agreement and accordingly 500,000 stock options vested and 500,000 were forfeited in 2018.

(d) On February 20, 2019, the Corporation granted 2,700,000 stock options to directors at an exercise price of $0.13 per share with an expiry date of February 20, 2022 and vest fully on the date of grant. The Corporation also granted 300,000 stock options to an officer and employees of the Corporation at an exercise price of $0.13 per share with an expiry date of February 20, 2022. These options shall vest in two installments consisting of one-half of the shares under option on the date of grant and one-half of the shares under option on February 20, 2020.

(e) On November 22, 2019, the Corporation granted 100,00 stock options to a director at an exercise price of $0.05 per share with an expiry date of November 22, 2022 and vest fully on the date of grant.

(f) During 2019, a total of 3,950,000 stock options with a weighted average exercise price of $0.17, expired or were forfeited. As at December 31, 2019, 9,891,667 stock options are exercisable at a weighted average exercise price of $0.134.

15. Related party transactions

Key management personnel and directors include the Corporation’s Chief Executive Officer and Chief Financial Officer and members of the Board of Directors. The compensation paid or payable to key management and outside directors are included in general and administrative expenses on the statement of gain and comprehensive gain. Key management personnel and directors include the Corporation’s Chief Executive Officer and Chief Financial Officer and members of the Board of Directors. The compensation paid or payable to key management and outside directors are included in general and administrative expenses on the statement of gain and comprehensive gain. For the year ended December 31, 2019, these totaled $439,500 (year ended December 31, 2018 - $331,508).

During the year ended December 31, 2019, management and consulting charges paid to GBS in connection with the Management Agreement aggregated $521,136 (UAE Dirham (“AED”) 1,440,000 [year ended December 31, 2018 - $508,070 (1,440,000 AED)] were incurred and recorded 75% in MME and 25% in MGEPS and are included in the Corporation’s share of losses of associates on the statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

15. Related party transactions (continued)

Due to related parties

Due to related parties comprises of the following balances:

		December 31, 2019 $	December 31, 2018 $
Debenture payable to MTG	(a)	2,186,174	2,031,836
Promissory notes payable to MTG	(b),(e)	496,251	476,414
Loan payable to GBS	(c)	424,999	424,999
Loans payable to MTG	(d),(f)	3,038,395	2,444,656
Due to affiliate	(g)	15,000	-
Due to employees and directors	(h)	206,833	72,000
Due to related parties in current liabilities		6,367,652	5,449,905
Interest due on Series A debentures		498,630	-
Term loan due to MTG	(i)	790,437	-
Series A debentures (including interest due) due to MTG	(j)	15,389,285	-
Due to related parties in non-current liabilities		16,179,722	-
Total due to related parties		23,046,004	5,449,905

(a) The Corporation issued 12% convertible, subordinated secured debentures to Gravitas during November 2013 and January 2014, with a principal balance at December 31, 2019 totaling $1,286,156 (December 31, 2018 - $1,286,156) and recorded on the statement of financial position as debentures. Under the terms of their issuance, the debentures and accrued interest were convertible into common shares of the Corporation during the period ended November 22, 2015 at a conversion price of $0.10 per share. The debentures matured on November 22, 2016 and have not been redeemed as of December 31, 2019. The Corporation recorded interest expense on the debenture for the year ended December 31, 2019 of $154,339 (December 31, 2018 - $ 154,339). As of December 31, 2019, the principal and accrued interest to December 31, 2019 totaling $2,186,174 were acquired from Gravitas by MTG and all terms remain unchanged.

(b) In 2014, the Corporation issued an unsecured promissory note for $226,800 bearing interest at 5% per annum, due July 31, 2017. The Corporation recorded interest expense on the note for the year ended December 31, 2019 of $11,340 (year ended December 31, 2018 - $11,340). As of December 31, 2019, the principal and accrued interest to December 31, 2019 totaling $288,285 were acquired from Gravitas by MTG and all terms remain unchanged.

(c) The balance of $424,999 (December 31, 2018 - $424,999) represents the interest-free amount outstanding as at December 31, 2019 and payable to GBS in connection with the GBS Agreement. Under the terms of this agreement between Mint and GBS, GBS assumed all responsibility for the day-to-day activities of Mint UAE Operations. The management agreement entitles GBS to a fixed monthly fee of AED 120,000 and a variable fee of 20% of the net income of Mint UAE Operations and was effective December 31, 2014.

15. Related party transactions (continued)

(d) In June, 2015, the Corporation borrowed $500,000 (December 31, 2018 - $500,000) from Gravitas. The loan matured on October 23, 2018 and bears interest at 4.5% per annum, however, no repayment has been made to December 31, 2019. The loan is secured against the assets of the Corporation and is subordinated to all existing security interests. The Corporation recorded interest expense on the amounts borrowed from Gravitas for the year ended December 31, 2019 of $22,500 (year ended December 31, 2018 - $22,500). As of December 31, 2019, the principal and accrued interest to December 31, 2019 totaling $601,836 were acquired from Gravitas by MTG and all terms remain unchanged.

(e) In 2017, the Corporation issued to Gravitas a demand promissory note of $188,808 bearing interest at 5% per annum, maturing on October 31, 2018. The principal balance outstanding at December 31, 2019 was $188,808 (December 31, 2018 - $188,808). The Corporation recorded interest expense on the promissory note for the year ended December 31, 2019 of $8,496 (December 31, 2018 - $8,496). As of December 31, 2019, the principal and accrued interest to December 31, 2019 totaling $207,966 were acquired from Gravitas by MTG and all terms remain unchanged.

(f) In addition, the Corporation has borrowed an additional $2,436,500 during 2019 (2018 - $1,863,410) on an unsecured, non-interest bearing, demand basis. As of December 31, 2019, this debt was acquired from Gravitas by MTG and all terms remain unchanged.

(g) During 2019, the Corporation received a non-interest bearing advance of $15,000 from its affiliate, Mint Middle East LLC.

(h) At December 31, 2019, the amount due on a non-interest bearing basis to employees and directors was $206,833 (2018 - $72,000).

(i) The Corporation borrowed $790,437 from MTG on December 31, 2019 (2018 – nil) on an unsecured, interest-free basis to finance the Mint debt settlement payments. The loan matures on January 1, 2021.

(j) Effective December 31, 2019, MTG acquired the Series A debentures from the debenture holders. The previous debenture holders were not related to Mint.

16. Income (loss) per share

Income (loss) per share is based on the weighted average number of common shares of the Corporation outstanding during the year. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants. The weighted average shares outstanding for the year ended December 31, 2019 was 196,169,225 (for the year ended December 31, 2018 – 182,860,764).

The diluted number of shares outstanding for the year ended December 31, 2019 was 196,169,225 (December 31, 2018 – 198,654,030).

17. Commitments and contingency

None.

(Expressed in Canadian Dollars)

18. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% on the loss (gain) for the years ended December 31, 2019 and 2018 is as follows:

	For the year ended December 31,	
	2019	**2018**
	$	**$**
Net Income (Loss) before recovery of income taxes	(5,246,163)	37,264,856
Expected income tax (expense)/recovery	(1,390,233)	9,875,187
Tax rate changes and other adjustments	584	3,187
Accretion expense	773,034	479,265
Issuance cost capitalised	-	(225,539)
Adjustment relating to debenture forgiveness	-	(1,592,625)
Share-based compensation	145,079	138,095
Write down of investment	-	153,642
Loss in tax free jurisdiction - UAE	38,255	270,653
Section 17(1) Adjustment	89,364	-
Change in tax benefits not recognized	343,917	(9,101,865)
Income tax expense (recovery)		-

Deferred tax

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Corporation has the legal right and intent to offset.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2019	**December 31, 2018**
	$	**$**
Share issuance and financing costs	504,272	745,813
Debentures	-	19,519
Investment in Mint UAE Operations	15,539,438	15,162,244
Non-capital losses carried forward	13,024,973	12,063,062
Capital losses carried forward	3,929,413	3,929,413
Deferred compensation plan	108,888	-

The Canadian non-capital loss carryforwards expire as noted in the table below. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

(Expressed in Canadian Dollars)

18. Income taxes (continued)

The Corporation's total non-capital income tax losses expire as follows:

	$
2036	517,155
2037	7,279,852
2038	3,399,162
2039	1,828,804
	13,024,973

19. Capital management

The Corporation defines its capital as shareholders' equity and debt. The Corporation's objectives when managing capital are to build liquidity and shareholders' equity to ensure that strategic objectives are met. The Corporation makes every attempt to manage its liquidity to minimize shareholder dilution when possible.

	December 31, 2019 $	December 31, 2018 $
Due to related parties	6,367,652	5,449,905
Interest due on debentures payable	498,630	-
Promissory notes payable	44,504	335,481
Term loan	790,437	-
Series A debentures	15,389,285	12,466,696
Equity deficiency	(74,872,716)	(69,626,553)
	(51,782,208)	(51,374,471)

The Corporation follows an approach that relies on issuance of common shares and debt financing to finance its activities. The Corporation policy on dividends is to retain cash to keep funds available to finance operations and growth. Capital structure is managed within guidelines approved by the Board with no external restrictions. The Corporation makes adjustments to its capital structure based on changes in economic conditions and planned requirements. The Corporation has the ability to adjust its capital structure by issuing new equity or debt.

20. Financial instruments

Fair value hierarchy

Financial instruments carried at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis;

20. Financial instruments (continued)

Level 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's length market transaction and comparisons to the current fair value of similar instruments, but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used; and

Level 3 – Valuation in this level are made with inputs other than observable market data.

Cash and cash equivalents are classified as Level 1.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, a variation of interest rates would not significantly affect results or equity of the Corporation as its interest-bearing financial instruments are all fixed-rate instruments.

Credit risk

The Corporation is exposed to credit risk in its cash and cash equivalents, advances, deposits and prepayments and investment in vMobo. The Corporation does not use credit derivatives or similar instruments to mitigate this risk and, as such, the maximum exposure is the full carrying value or face value of the financial instruments. The Corporation minimizes credit risk on cash by depositing with only reputable financial institutions. The Corporation monitors the cash flows and financial position of its investment in vMobo to mitigate this risk.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation currently settles all of its financial obligations out of cash or issuances of debt and equity instruments. The Corporation's approach in managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when due, under both normal and stress conditions, without incurring unacceptable losses or risking damages to the actual and budgeted cash flows. The Board reviews and approves the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers and acquisitions or other major investments or divestitures. In recent years, the Corporation has financed its activities mainly through equity offerings, and debenture issuances [See also *note 1 Going concern*].

During 2019 the Corporation managed its liquidity risk through tight control over spending and advances from Gravitas and GBS and MTG.

(Expressed in Canadian Dollars)

20. Financial instruments (continued)

The cash obligations related to the Corporation's financial liabilities as at December 31, 2019 were:

	Less than 1 year	More than 1 year	Total
Trade payables and accruals	239,556	-	239,556
Due to related parties	6,367,652	-	6,367,652
Promissory notes payable	44,504	-	44,504
Term loan	-	790,437	790,437
Debentures - secured, at face value	498,630	20,000,000	20,498,630
	7,150,342	20,790,437	27,940,779

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Corporation's business operations are located principally in the Middle East and almost all of its revenue is in UAE Dirham. The Corporation is exposed to the risk that the value of its financial instruments will fluctuate due to changes in exchange rates.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Corporation believes the following movements are reasonably possible over a twelve-month period: (a) interest rate risk is minimal as its promissory notes, convertible debentures and debentures are at fixed rates, and (b) exposure to foreign exchange risk is nil as the Corporation did not hold balances in foreign currencies as of December 31, 2019.

Limitations of sensitivity analysis

The above analysis demonstrates the effect of change in foreign exchange rates. The financial position of the Corporation may vary at the time those changes in foreign exchange rates occur, causing the impact on the Corporation's results to differ from that shown above.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

22. Subsequent events

(a) Completion of Acquisition by GBS and MTG of Mint's Securities from Gravitas Debtholder

On January 6, 2020, GBS and MTG collectively acquired from the Gravitas Debtholder:

(i) 5,712,909 common shares of Mint,

(ii) 16,000,000 subscription receipts of Mint exercisable for 16,000,000 common shares for no additional consideration, and

(iii) 11,700,000 warrants of Mint to purchase 11,700,000 Common Shares at an exercise price of $0.10 per share.

22. Subsequent events (continued)

(b) Mint Director Changes

On January 11, 2020, Neil Gilday, a director and member of the audit committee announced his resignation to pursue other opportunities. On the same day the board appointed Firas Al Fraih, a senior officer and director of GBS and MTG as a director.

(c) Disposition of Mint UAE Payroll Card Portfolio

On February 4, 2020, Mint announced that its subsidiaries, Mint Middle East LLC and Mint Gateway for Electronic Payments LLC (collectively "Mint UAE") have entered into a binding asset purchase agreement to divest its direct payroll disbursement service business through its payroll card portfolio in the UAE to Edenred Prepaid Cards Management Services LLC ("Edenred"), a leading payroll disbursement and card provider in the UAE. Edenred is a party at arm's length to the Corporation and Mint UAE. Mint UAE will remain focused on launching other payment card processing and prepaid card products across multiple verticals including gift, prepaid, multi-currency and other industry segments excluding payroll cards, and merchant services.

Pursuant to the terms of the agreement, Mint UAE is entitled to receive aggregate cash consideration of up to AED 102,750,000 (approximately $36,600,000), comprised of an initial payment of AED 82,750,000 (approximately $29,500,000), a second cash payment of AED 5,000,000 (approximately $1,800,000) and a performance-based maximum additional cash payment of up to AED 20,000,000 (approximately $7,100,000) based on the success of the migration of the card portfolio. Mint UAE has received the initial payment as a result of the satisfaction of certain conditions precedent to the transaction, being the receipt of certain third-party consents and the completion by Edenred of its due diligence with respect to the business of Mint UAE.

On April 24, 2020, the Corporation announced that it had received conditional approval from the TSX Venture Exchange for the transaction, subject to a number of conditions including receipt by the Corporation of the written consent of the holders of more than 50% of the issued and outstanding common shares of the Corporation. Subsequently, the Corporation obtained the consent from GBS, as holder of approximately 56% of the common shares of the Corporation. On May 13, 2020, the Corporation announced receipt of final approval by the TSX Venture Exchange for the transaction.

(d) Approval of Issuance of Shares under the Deferred Compensation Plan

On January 22, 2020, the TSX Venture Exchange accepted the Corporation's application to issue 2,816,640 common shares to settle $140,832 under the Mint Deferred Compensation Plan at a price of $0.05 per common share. Issuance of these shares is currently in process.

(e) Notice of Default on Series A Debentures

On January 22, 2020, the Corporation was given notice by Computershare Trust Company of Canada, the trustee of the Series A Debentures, that an event of default under the Trust Indenture had occurred. The Event of Default occurred as a result of the Corporation's failure to make the required interest payment to the holders of the Series A Debentures on December 31, 2019 which was not remedied by the Corporation within 15 days. The Trustee also issued a notice of event of default to the holders of the Series A Debentures, in which the Trustee stated that it would not take further action with regard to the Event of Default unless directed by the required percentage of debenture holders. On December 31, 2019, MTG acquired the Series A Debentures. Pursuant to an amendment to the Trust Indenture dated December 19, 2019, MTG, MTG agreed not to enforce its right to take action.

22. Subsequent events (continued)

As of June 11, 2020, the Corporation was preparing a submission to the TSX Venture Exchange to seek approval for the issuance of common shares in settlement of the interest owing as of December 31, 2019 and March 31, 2020, as described in note (f) below.

(f) Amendment of Trust Indenture on Series A Debentures

Under the Securities Purchase Agreement dated September 26, 2019 and amended on October 7, 2019 and December 31, 2019, GBS and MTG agreed to purchase:

(i) 109,670,736 common shares previously issued by Mint, representing approximately 56% of the issued and outstanding common shares of Mint,

(ii) 16,000,000 subscription receipts previously issued by Mint, exercisable for 16,000,000 common shares of Mint for nil consideration and expiring December 31, 2022, representing all of the issued and outstanding subscription receipts, and(iii) MTG agreed to purchase the $20,000,000 principal amount of the Series A debentures representing all of the issued and outstanding Series A debentures. The Series A Debentures are subject to an amended and restated trust indenture (the "Trust Indenture") dated May 31, 2018 entered into among Computershare Trust Company of Canada ("Computershare") as the trustee, Mint as the issuer of the Series A debentures, and, Mint Middle East LLC and Mint Capital LLC as guarantors.

In anticipation of the closing of the transaction, Mint, GBS and MTG executed an amended Trust Indenture Agreement dated December 19, 2019 to become effective once the GBS/MTG purchase transaction had closed. The amendment removed the change of control provision, replaced the issuance of subscription receipts in settlement of interest with the issuance of common shares, and obtained agreement from GBS and MTG to undertake whatever actions necessary to make these changes effective as of December 31, 2019. Despite the execution of this amendment, the Corporation's trust agent required the execution of a revised amendment which was signed on April 6, 2020. With this revised amendment, the Corporation has agreed to seek TSX Venture Exchange approval for the issuance of common shares in settlement of interest payments due December 31, 2019 and March 31, 2020.

(g) Trading of Corporation Common shares

On January 14, 2020, the Corporation made a request to the Investment Industry Regulatory Organization of Canada ("IIROC") for the issuance of a halt trading order of the Corporation's common shares, pending announcement of important corporate events. During the ensuring weeks, the Corporation worked with the TSX Venture Exchange to meet its conditions for resumption of trading. On May 13, 2020, the Corporation announced that those conditions had been satisfied and trading resumed on May 19, 2020.

(h) COVID-19 Outbreak

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The outbreak has also impacted the Corporation's operations in the United Arab Emirates and restrictions on business operations have been put in place by UAE government authorities. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation and its UAE operations as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic

22. Subsequent events (continued)

(i) COVID-19 Outbreak (continued)

spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand as Mint's UAE customers reduce their staff levels, and accordingly, Mint UAE may process fewer payroll disbursement transactions and related card transactions, all of which may negatively impact Mint UAE's business and financial condition. It is also uncertain what measures, if any, will be required by the Mint UAE entities to adjust business costs and staff levels based on the extent and duration of the impacts of COVID-19.