# The Mint Corporation
## Unaudited Interim Condensed
## Consolidated Financial Statements
## For the three and six months ended
## June 30, 2020 and 2019
## (Expressed in Canadian Dollars)

**Notice of Disclosure of Non-Auditor Review of Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 and 2019**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the unaudited interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of The Mint Corporation (the "Corporation") for the periods ended June 30, 2020 and June 30, 2019, have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Corporation's management.

The Corporation's independent auditors, MNP LLP, have not performed a review of the unaudited interim condensed consolidated financial statements for the periods ended June 30, 2020 and June 30, 2019 in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

## 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"
**Chief Executive Officer**

"Brian Hendry"
**Chief Financial Officer**

# The Mint Corporation
# Unaudited Interim Condensed Consolidated Statements of Financial Position
# (Expressed in Canadian Dollars)

| | Note | As at June 30 2020 $ | As at December 31 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **112,813** | 93,758 |
| Advances, deposits and prepayments | | **22,165** | 26,240 |
| Total current assets | | **134,978** | 119,998 |
| **Non-current assets** | | | |
| Investment in Mint UAE Operations | 3 | **5,200,187** | - |
| Total Non-current assets | | **5,200,187** | - |
| **TOTAL ASSETS** | | **5,335,165** | 119,998 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables and accruals | | **343,281** | 239,556 |
| Due to related parties | 6,7,12 | **6,925,509** | 6,367,652 |
| Interest due on Series A debentures payable | 7,12 | **1,494,543** | 498,630 |
| Promissory notes payable | 8 | - | 44,504 |
| **Total current liabilities** | | **8,763,333** | 7,150,342 |
| **Non-current liabilities** | | | |
| Term loan | 12(i) | **790,437** | 790,437 |
| Series A debentures payable | 7 | **16,332,937** | 15,389,285 |
| **TOTAL LIABILITIES** | | **25,886,707** | 23,330,064 |
| **SHAREHOLDERS' DEFICIENCY** | | | |
| Capital stock | 9 | **38,689,808** | 38,689,808 |
| Warrants | 10 | **2,727,230** | 2,727,230 |
| Contributed surplus | | **10,255,042** | 10,245,612 |
| Deficit | | **(72,223,622)** | (74,872,716) |
| **TOTAL SHAREHOLDERS' DEFICIENCY** | | **(20,551,542)** | (23,210,066) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY** | | **5,335,165** | 119,998 |

*Going Concern (Note 1)*
*Subsequent Events (Note 18)*
*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*

APPROVED ON BEHALF OF THE BOARD

"Vishy Karamadam"
Director (signed)

"Randy Koroll"
Director (signed)

**The Mint Corporation**
**Unaudited Interim Condensed Consolidated Statements of Income and Comprehensive Income**
**For the three and six months ended June 30, 2020 and 2019**
**(Expressed in Canadian Dollars)**

| | | For the three months ended | | For the six months ended | |
|---|---|---|---|---|---|
| | | June 30 2020 | June 30 2019 | June 30 2020 | June 30 2019 |
| | Note | $ | $ | $ | $ |
| **Operating expenses** | | | | | |
| General and administrative expenses | | **(292,171)** | (472,904) | **(504,030)** | (782,111) |
| Stock-based compensation | 11 | **(2,661)** | (41,372) | **(9,431)** | (519,888) |
| **Total Canadian operating expenses** | | **(294,832)** | (514,276) | **(513,461)** | (1,301,999) |
| Share of gain (loss) from Investment in Mint UAE Operations | 3 | **114,161** | (23,333) | **5,200,187** | (288,718) |
| **Total operating expenses** | | **(180,671)** | (537,609) | **4,686,726** | (1,590,717) |
| **Financing expenses** | | | | | |
| Financing costs | 5 | **(1,029,404)** | (909,208) | **(2,037,634)** | (1,733,904) |
| Foreign exchange gain (loss) | | **-** | (126) | **-** | (1,660) |
| **Total financing expenses** | | **(1,029,404)** | (909,334) | **(2,037,634)** | (1,735,564) |
| **Net income (loss) and comprehensive income (loss)** | | **(1,210,075)** | (1,446,943) | **2,649,092** | (3,326,281) |
| **Weighted average number of common shares outstanding - basic (000s)** | | **197,142** | 197,142 | **197,142** | 195,181 |
| **Weighted average number of common shares outstanding - diluted (000s)** | | **213,142** | 197,142 | **213,142** | 195,181 |
| **Basic earnings per share** | | **(0.006)** | (0.007) | **0.013** | (0.017) |
| **Diluted earnings per share** | | **(0.006)** | (0.007) | **0.012** | (0.017) |

*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*

**The Mint Corporation**
**Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Deficiency**
**For the three and six months ended June 30, 2020 and 2019**
**(Expressed in Canadian Dollars)**

| | Number of common shares # | Capital stock $ | Warrants $ | Contributed surplus $ | Deficit $ | Total Shareholders' Deficiency $ |
|---|---|---|---|---|---|---|
| **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 | - | - | - | 478,517 | - | 478,517 |
| Shares and warrants issued on private placement | 5,000,000 | 375,668 | 124,332 | - | - | 500,000 |
| Warrants expired | - | - | (1,610,504) | 1,610,504 | - | - |
| Net loss for the period | - | - | - | - | (1,879,338) | (1,879,338) |
| **Balance at March 31, 2019** | **197,141,828** | **38,689,808** | **2,891,083** | **10,012,810** | **(71,505,891)** | **(19,912,190)** |
| Share-based compensation | - | - | - | 41,372 | - | 41,372 |
| Compensation units | - | - | - | - | - | - |
| Net loss for the period | - | - | - | - | (1,446,943) | (1,446,943) |
| **Balance at June 30, 2019** | **197,141,828** | **38,689,808** | **2,891,083** | **10,054,182** | **(72,952,834)** | **(21,317,762)** |
| | | | | | | |
| **Balance at January 1, 2020** | **197,141,828** | **38,689,808** | **2,727,230** | **10,245,612** | **(74,872,716)** | **(23,210,066)** |
| Share-based compensation | - | - | - | 6,769 | - | 6,769 |
| Shares and warrants issued | - | - | - | - | - | - |
| Warrants expired | - | - | - | - | - | - |
| Net income for the period | - | - | - | - | 3,859,169 | 3,859,169 |
| **Balance at March 31, 2020** | **197,141,828** | **38,689,808** | **2,727,230** | **10,252,381** | **(71,013,547)** | **(19,344,128)** |
| Share-based compensation | - | - | - | 2,661 | - | 2,661 |
| Shares and warrants issued | - | - | - | - | - | - |
| Warrants expired | - | - | - | - | - | - |
| Net income for the period | - | - | - | - | (1,210,075) | (1,210,075) |
| **Balance at June 30, 2020** | **197,141,828** | **38,689,808** | **2,727,230** | **10,255,042** | **(72,223,622)** | **(20,551,542)** |

*The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.*

# The Mint Corporation
## Unaudited Interim Condensed Consolidated Statements of Cash Flows
## For the three and six months ended June 30, 2020 and 2019
## (Expressed in Canadian Dollars)

| | | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | $ | $ | $ | $ |
| **OPERATING ACTIVITIES** | | | | | |
| Net income/(loss) | | **(1,210,075)** | (1,446,943) | **2,649,092** | (3,326,281) |
| *Adjustments:* | | | | | |
| Interest and accretion on debentures and promissory notes | | **980,370** | 859,625 | **1,939,566** | 1,635,825 |
| Stock based compensation | 11 | **2,661** | 41,371 | **9,431** | 519,888 |
| Share of loss (gain) in investment in Mint UAE operations | 3 | **(114,161)** | 23,333 | **(5,200,187)** | 288,718 |
| Trade payables, accruals and other payables | | **71,882** | 29,869 | **103,725** | 223,498 |
| Advances, deposits, prepayments and HST receivable | | **7,480** | 7,861 | **4,075** | 35,300 |
| **Net cash from (used) in operating activities** | | **(261,843)** | (484,883) | **(494,298)** | (623,051) |
| **INVESTING ACTIVITIES** | | | | | |
| Investment in associates | 3 | **-** | (23,333) | - | (288,718) |
| **Net cash used in investment activities** | | **-** | (23,333) | **-** | (288,718) |
| **FINANCING ACTIVITIES** | | | | | |
| Proceeds from promissory note issuance/(repayment) | 8 | **-** | - | **(44,504)** | - |
| Advances from/(advances to) related parties | | **359,823** | 275,395 | **557,857** | 275,395 |
| Proceeds from share issuance | 9 | **-** | - | **-** | 500,000 |
| **Net cash from financing activities** | | **359,823** | 275,395 | **513,353** | 775,395 |
| **Net change in cash during the period** | | **97,980** | (232,821) | **19,055** | (136,374) |
| Cash and cash equivalents, beginning of period | | **14,833** | 270,515 | **93,758** | 174,068 |
| **Cash and cash equivalents, end of period** | | **112,813** | 37,694 | **112,813** | 37,694 |

*The accompanying notes are an integral part of the unaudited interim condensed 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 56% 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 prepaid and multicurrency cards) 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 September 27, 2019 Mint announced that Gravitas had entered into a securities purchase agreement (the "GBS/MTG 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 "Gravitas Debtholder" and together with Gravitas) 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, MME, MCO AND MGEPS had entered into an interim funding agreement under which the Buyers agreed to provide 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 GBS/MTG 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 did 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.

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.

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.

**1. Nature of operations (continued)**

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.

On January 16, 2020, MME and MGEPS (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"). Edenred, a leading payroll disbursement and card provider in the UAE, 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.

The terms of the transaction involved the sale of the Sellers' database, the right to solicit payroll disbursement services to the customers, and business information and records. The Sellers agreed to assist Edenred in signing the Sellers' customers to Edenred contracts, and in the event a customer declined to become an Edenred customer, the Sellers' have agreed to terminate the customer contract at the earliest time and not provide any services during the three year non-compete period. In addition, GBS and Mr. Abdul Razzak, an advisor to GBS, agreed to the same three-year non-compete restriction. The transaction involves a transition period of up to eight months to migrate customers to Edenred. The non-compete condition does not restrict the Sellers from providing other business services to the existing Mint UAE customers.

Pursuant to the terms of the agreement, Mint UAE is entitled to receive aggregate cash consideration of up to AED 107,750,000 (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), offset by an AED 5,000,000 bank guarantee 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 received the initial payment, less investment advisory fees, on January 26, 2020 as a result of the satisfaction of certain conditions precedent to the transaction. On January 30, 2020, Mint UAE provided an AED 5,000,000 bank guarantee as stipulated in the agreement, and on March 14, 2020, Mint UAE received AED 5,000,000 representing the second payment.

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.

On April 24, 2020, the Corporation announced that it had received conditional approval from the TSX Venture Exchange for the Edenred 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 and on May 13, 2020, the Corporation announced receipt of final approval by the TSX Venture Exchange for the transaction.

On May 13, 2020, the Corporation announced that the conditions imposed by the TSX Venture Exchange had been satisfied and trading resumed on May 19, 2020.

### Going concern

These unaudited interim condensed 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 has incurred several years of losses and as at June 30, 2020, has a cumulative deficit of \$72,223,622 (December 31, 2019 - \$74,872,716); working capital deficit of \$8,628,356 (December 31, 2019 – working capital deficit of \$7,030,344); negative cash flow from operations for the six months ended June 30, 2020 of \$494,298 (for the six months ended June 30, 2019 - \$623,051); and has a shareholders' deficiency of \$20,551,542 (December 31, 2019 - \$23,210,066).

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.

## 2. Basis of presentation and statement of compliance

***Statement of compliance***
These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting, 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.

These financial statements are condensed and do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the years ended December 31, 2019 and 2018.

These 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 September 4, 2020.

***Basis of presentation***

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.

**New standards and interpretations not yet adopted**

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 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. In 2019 the Corporation did not have any leases in effect.

On January 7, 2020, the Corporation entered into a sublease of a portion of office space for a term through May 31, 2021 with the right to terminate with two months' notice. This standard has not yet been adopted and is being evaluated to determine its impact on the Corporation.

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.

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.

**(Expressed in Canadian Dollars)**

### 3. Investment in Mint UAE operations

As at June 30, 2020, the carrying value of the investment in Mint UAE Operations is as follows:

| | $ |
|---|---|
| Balance, January 1, 2019 | - |
| Add: Additional working capital funds invested | 265,385 |
| Share of results of associates for the period | (265,385) |
| Balance, March 31, 2019 | - |
| Add: Additional working capital funds invested | 23,333 |
| Share of results of associates for the period | (23,333) |
| Balance, June 30, 2019 | - |

| | $ |
|---|---|
| Balance, January 1, 2020 | - |
| Add: Additional working capital funds invested | - |
| Share of results of associates for the period | 5,086,026 |
| Balance, March 31, 2020 | 5,086,026 |
| Add: Additional working capital funds invested | - |
| Share of results of associates for the period | 114,161 |
| **Balance, June 30, 2020** | **5,200,187** |

A summary of financial information of associates is as follows:

| **Balance sheet at June 30, 2020** | **MME** | **MEPS** | **MCO** | **MGEPS** | **Hafed** | **Total** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Current assets | 18,427,829 | 40,145 | (49,460) | 7,685,642 | 332,216 | 26,436,372 |
| Non-current assets | 528,745 | - | 55,620 | 3,004,402 | 104,742 | 3,693,509 |
| Current liabilities | 12,299,531 | 11,365 | 117,124 | 3,511,829 | - | 15,939,849 |
| Non-current liabilities | 545,734 | 13,617 | - | - | - | 559,351 |

| **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 |

**(Expressed in Canadian Dollars)**

## 3. Investment in Mint UAE operations (continued)

| **Statement of income/(loss) for the three months ended June 30, 2020** | **MME** | **MEPS** | **MCO** | **MGEPS** | **Hafed** | **Total** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Operating revenue | 961,715 | - | - | 49,923 | - | 1,011,638 |
| Operating costs | (1,856,732) | - | (5,578) | (241,356) | - | (2,103,666) |
| Finance costs | (4,911) | - | - | (3,239) | - | (8,150) |
| Depreciation and amortization | (85,259) | - | - | (327,887) | - | (413,146) |
| Net operating revenue | (985,187) | - | (5,578) | (522,559) | - | (1,513,325) |
| Gain on Edenred transaction, net of costs | 1,737,171 | - | - | - | - | 1,737,171 |
| **Net gain/(loss)** | **751,984** | **-** | **(5,578)** | **(522,559)** | **-** | **223,846** |
| **Mint Corp share of income/(loss)** | **383,511** | **-** | **(2,844)** | **(266,506)** | **-** | **114,161** |

| **Statement of income/(loss) for the six months ended June 30, 2020** | **MME** | **MEPS** | **MCO** | **MGEPS** | **Hafed** | **Total** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Operating revenue | 2,194,663 | - | - | 98,285 | - | 2,292,948 |
| Operating costs | (3,932,112) | - | (10,981) | (432,216) | - | (4,375,309) |
| Finance costs | (29,428) | - | - | (6,274) | - | (35,702) |
| Depreciation and amortization | (174,183) | - | - | (569,637) | - | (743,820) |
| Net operating revenue | (1,941,060) | - | (10,981) | (909,842) | - | (2,861,883) |
| Gain on Edenred transaction, net of costs | 23,463,009 | - | - | - | - | 23,463,009 |
| **Net gain/(loss)** | **21,521,949** | **-** | **(10,981)** | **(909,842)** | **-** | **20,601,126** |
| **Mint Corp share of income/(loss)** | **10,976,193** | **-** | **(5,600)** | **(464,020)** | **-** | **10,506,573** |

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.

Sale of Payroll Card Portfolio to Edenred and Gain on Sale

On January 16, 2020, MME and Mint Gateway (“the Sellers”) entered into an agreement with Edenred to acquire the payroll card portfolio, as previously described in Note 1.

In valuing the gain on the transaction, Mint UAE management determined that the assets transferred had negligible book value as no physical assets were sold and there was no value of goodwill and customer contracts as they had been fully amortized (prior to 2018). In addition, as Mint UAE’s technology and intellectual property is applicable to various payment processing applications and not specific to payroll disbursement services, the Sellers have not impaired the carrying value of software and software under development.

Edenred made an initial payment of AED 82,750,000 as consideration for the acquisition of the payroll card portfolio from MME and Mint Gateway (“the Sellers”). A subsequent payment of AED 5,000,000 was received March 14, 2020; however, this payment required a corresponding AED 5,000,000 bank guarantee in favour of Edenred which the Sellers put into effect on January 30, 2020. The Sellers are entitled to additional compensation in the event that certain performance measures are achieved, and conversely, the Sellers may be subject to a clawback of a portion of the subsequent payment if the number of payroll cards transferred fails to meet a minimum threshold. The guarantee will be released upon the Sellers satisfying various conditions. The Sellers had engaged an M&A advisory firm to facilitate the transaction and an advisory fee was paid to that firm on closing from the initial payment. In addition, under the Management Agreement between the Corporation and GBS, GBS is entitled to a 20% variable management fee on the net income of the Mint UAE entities. The Sellers have recorded a gain during the six months ended June 30, 2020 of AED 63,140,497 (C$23,463,009).

**(Expressed in Canadian Dollars)**

Mint Share of Gains/Losses in Mint UAE Associates

In accordance with equity accounting guidelines under IAS 28 – Investments in Associates and Joint Ventures, in each accounting period the Corporation recognizes its share of losses in each Mint UAE entity but only up to the amount of working capital invested by the Corporation during that period. Any unrecognized share of losses is accumulated for potential use in subsequent periods. In a period in which an entity has a profit, the Corporation first applies the current period's share of profit against any accumulated unrecognized share of losses, and only after all unrecognized share of losses have been used does the Corporation report any remaining share of profits.

As of January 1, 2020, the Corporation had $5,306,387 in accumulated unrecognized share of losses from Mint UAE entities from prior years. During the three months ended March 31, 2020, the Corporation did not advance any working capital to the Mint UAE entities and the Corporation's share of income from the Mint UAE entities totaled $10,392,412. As a result, the Corporation's share of income has eliminated the accumulated unrecognized share of losses from previous periods, and the remaining $5,086,026 has been recorded as the Corporation's share of income from the Mint UAE entities for the three months ended March 31, 2020, and the Corporation has recorded the same amount as an Investment in Mint UAE Operations in Non-current assets. For the three months ended June 30, 2020, Mint did not advance any working capital to the Mint UAE entities and the Corporation's share of income from the Mint UAE entities totaled $114,161 and for six months ended June 30, 2020 of $10,506,573 (10,392,412 plus $114,161).

## 4. 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.

## 5. Financing costs

The Corporation incurred finance costs as follows:

| | For the three months ended | | For the six months ended | |
|---|---|---|---|---|
| | **June 30 2020** | **June 30 2019** | **June 30 2020** | **June 30 2019** |
| Interest Expense | 547,664 | 75,989 | 1,093,981 | 124,484 |
| Accretion Expense | 481,740 | 833,219 | 943,653 | 1,609,420 |
| | 1,029,404 | 909,208 | 2,037,634 | 1,733,904 |

## 6. 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 June 30, 2020. These are included under Due to Related Parties on the statement of financial position. Refer to Note 12.

**(Expressed in Canadian Dollars)**

**7. Series A Debentures held by MTG**

Debentures as at June 30, 2020:

| | **Series A** **$** |
|---|---|
| Balance, January 1, 2019 | 12,466,696 |
| Accretion expense | 2,922,589 |
| Accrued interest (October 1 - December 31, 2019) | 498,630 |
| Balance, December 31, 2019 | 15,887,915 |
| Accretion expense | 461,912 |
| Accrued interest | 497,283 |
| Balance, March 31, 2020 | 16,847,110 |
| Accretion expense | 481,740 |
| Accrued interest | 498,630 |
| Balance, June 30, 2020 | 17,827,480 |
| Less: Current portion | (1,494,543) |
| Non-current portion | 16,332,937 |

The Series A debentures 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.

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.

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.

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.

**(Expressed in Canadian Dollars)**

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.

As of June 30, 2020, the Corporation had not issued the common shares to settle the interest payment of $498,630 for the period October 1, 2019 to December 31, 2019 and the interest payment of $497,282 for the period January 1, 2020 to March 31, 2020. Also as of September 4, 2020, the Corporation had not paid, or issued shares to settle, the interest payment of $498,630 for the period April 1, 2020 to June 30, 2020.

## 8. 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. On November 12, 2018, the Corporation conducted a second closing of the Series 2018N financing with net proceeds of $50,000.

Below is the movement in promissory notes:

| | **Total** <br> **$** |
|---|---|
| Balance, January 1, 2019 | 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 |
| Payments to debtholders | (44,504) |
| Balance, March 31, 2020 | - |

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 whereby the aggregate principal and accrued interest owing on the notes totaled $413,198 would be settled by way of cash payments totaling $330,899. In December, 2019, the Corporation made cash payments totaling $286,395. In January, 2020 the Corporation paid the remaining balance of $44,504.

**(Expressed in Canadian Dollars)**

## 9. Share capital

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

| | January 1 - June 30, 2020 | | January 1 - December 31, 2019 | |
|---|---|---|---|---|
| **Common shares issued** | **Number of Common Shares** | **Amount $** | **Number of Common Shares** | **Amount $** |
| Balance, beginning | 197,141,828 | 38,689,808 | 192,141,828 | 38,314,140 |
| Shares issued on private placement | - | - | 5,000,000 | 375,668 |
| Balance, ending | 197,141,828 | 38,689,808 | 197,141,828 | 38,689,808 |

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 11 (a) for details of the purchase warrants. The gross proceeds were allocated to capital stock ($375,668) and warrants ($124,332).

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. 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. In addition, as discussed in note 7 above, the Corporation intends to issue shares to settle outstanding interest due on the Series A debentures.

## 10. Warrants and subscription receipts

Share purchase warrants outstanding as of June 30, 2020 and 2019 are summarized below:

| ` | Number of purchase warrants | Grant date | Expiry date | Exercise price ($) |
|---|---|---|---|---|
| Balance, January 1, 2019 | 32,749,530 | | | 0.23 |
| Warrants expired | (18,355,576) | | | 0.30 |
| Warrants issued note (a) | 2,500,000 | 13-Mar-19 | 13-Mar-21 | 0.20 |
| Balance, March 31, 2019 | 16,893,954 | | | 0.13 |
| Balance, June 30, 2019 | 16,893,954 | | | 0.13 |
| | | | | |
| Balance, January 1, 2020 | 15,380,000 | | | 0.12 |
| Balance, March 31, 2020 | 15,380,000 | | | 0.12 |
| Balance, June 30, 2020 | 15,380,000 | | | 0.12 |

(a) 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.

**(Expressed in Canadian Dollars)**

(b) No warrants were exercised during the six months ended June 30, 2020 and the year ended December 31, 2019.

(c) During the three months ended June 30, 2020, no warrants expired (six months ended June 30, 2019 - 18,355,576 expired with a weighted average exercise price of $0.30).

**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, January 1, 2019 | 16,000,000 | | | | |
| Balance, March 31, 2019 | 16,000,000 | | | | |
| Balance, June 30, 2019 | 16,000,000 | | | | |
| Balance, September 30, 2019 | 16,000,000 | | | | |
| Balance, December 31, 2019 | 16,000,000 | | | | |
| Balance, March 31, 2020 | 16,000,000 | | | | |
| **Balance, June 30, 2020** | **16,000,000** | | | | |

As of June 30, 2020, all 16,000,000 subscription receipts were exercisable (June 30, 2019 – 14,000,000); however, the holder has not exercised their option to convert these subscription receipts into common shares. 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.

## 11. Stock options

The fair value of stock options 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** |
|---|---|
| Expected dividend yield | 0% |
| Expected forfeiture rate | 0% |
| Expected average volatility | 177% – 184% |
| Risk-free average interest rate | 1.61% – 1.77% |
| Expected option life (years) | 3.0 |
| Share price | $0.03 – 0.14 |
| Exercise price | $0.05 - $0.13 |

**(Expressed in Canadian Dollars)**

Using the fair value method, total stock-based compensation expense for the three months and six months ended June 30, 2020 was $2,661 and $9,431 respectively (three and six months ended June 30, 2019 - $41,372 and $519,888 respectively). No options were granted in the six months ended June 30, 2020.

Stock options outstanding as of June 30, 2020 and 2019 are summarized below:

| Options granted | Number of options | Grant date | Expiry date | Exercise price ($) |
|---|---|---|---|---|
| Balance, January 1, 2019 | 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 expired | (400,000) | | | (0.13) |
| Balance, March 31, 2019 | 14,525,000 | | | 0.14 |
| Stock options expired | (400,000) | | | (0.10) |
| Balance, June 30, 2019 | 14,125,000 | | | 0.15 |
| Balance, September 30, 2019 | 14,125,000 | | | 0.15 |
| Stock options granted to director | 100,000 | 22-Nov-19 | 22-Nov-22 | 0.05 |
| Stock options expired/forfeited | (3,950,000) | | | (0.17) |
| Balance, December 31, 2019 | 10,275,000 | | | 0.13 |
| Stock options expired/forfeited | (25,000) | | | (0.13) |
| Balance, March 31, 2020 | 10,250,000 | | | 0.13 |
| Stock options expired/forfeited | (2,825,000) | | | (0.11) |
| Balance, June 30, 2020 | 7,425,000 | | | 0.14 |

(a) 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 fully vested as of February 20, 2020.
(b) 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.
(c) During the six months ended June 30, 2020, 2,825,000 stock options at an average exercise price of $0.11 per share were forfeited.
(d) As of June 30, 2020, 7,425,000 stock options are exercisable at a weighted average exercise price of $0.14.

## 12. 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 three and six months ended June 30, 2020, these totaled $63,500 and $136,000 respectively (three and six months ended June 30, 2019 - $133,250 and $254,500 respectively).

**(Expressed in Canadian Dollars)**

## 12. Related party transactions (continued)

During the three and six months ended June 30, 2020, management and consulting fees payable to GBS in connection with the Management Agreement (excluding compensation related to the Edenred transaction) of $133,776 (UAE Dirham ("AED") 360,000) and $267,552 (720,000 AED) [three and six months ended June 30, 2019 - $131,200 (360,000 AED) and $262,221 (720,000 AED)] were incurred and recorded 75% in MME and 25% in MGEPS. In addition, the GBS variable fee pertaining to the Edenred transaction has been recorded as an expense in the Mint UAE financial statements.

### Due to related parties

Due to related parties comprises of the following balances:

| | | June 30, 2020 $ | December 31, 2019 $ |
|---|---|---|---|
| Debenture payable to MTG | (a) | 2,263,132 | 2,186,174 |
| Promissory notes payable to MTG | (b),(e) | 506,141 | 496,251 |
| Loan payable to GBS | (c) | 424,999 | 424,999 |
| Loans payable to MTG | (d),(f) | 3,049,615 | 3,038,395 |
| Due to affiliate | (g) | 651,623 | 15,000 |
| Due to employees and directors | (h) | 205,833 | 206,833 |
| Due to related parties in current liabilities | | 7,101,343 | 6,367,652 |
| Interest due on Series A debentures | | 1,494,543 | 498,630 |
| Term loan due to MTG | (i) | 790,437 | 790,437 |
| Series A debentures due to MTG | (j) | 16,332,937 | 15,389,285 |
| Due to related parties in non-current liabilities | | 17,123,374 | 16,179,722 |
| Total due to related parties | | 25,719,260 | 23,046,004 |

(a) The Corporation issued 12% convertible, subordinated secured debentures to Gravitas during November 2013 and January 2014, with a principal balance at March 31, 2020 totaling $1,286,156 (December 31, 2019 - $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. As of December 31, 2019, the principal and accrued interest were acquired from Gravitas by MTG and all terms remain unchanged. The Corporation recorded interest expense on the debenture for the three and six months ended June 30, 2020 of $38,479 and $76,958 respectively (three and six months ended June 30, 2019 - $38,056 and $76,535).

(b) In 2014, the Corporation issued an unsecured promissory note to Gravitas for $226,800 bearing interest at 5% per annum, due July 31, 2017. As of December 31, 2019, the principal and accrued interest were acquired from Gravitas by MTG and all terms remain unchanged. The Corporation recorded interest expense on the note for the three and six months ended June 30, 2020 of $2,827 and $5,654 respectively (three and six months ended June 30, 2019 - $2,827 and $5,623 respectively).

(c) The balance of $424,999 (December 31, 2019 - $424,999) represents the interest-free amount outstanding as at March 31, 2020 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.

(d) In June, 2015, the Corporation borrowed $500,000 (December 31, 2019 - $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. As of December 31, 2019, the principal and accrued interest were acquired from Gravitas by MTG and all terms remain unchanged. The Corporation recorded interest expense on the amounts borrowed for the three and six months ended June 30, 2020 of $5,610 and $11,219 respectively (three and six months ended June 30, 2019 - $5,610 and $11,157 respectively).

(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. As of December 31, 2019, the principal and accrued interest were acquired by MTG from Gravitas and all terms remain unchanged. The principal balance outstanding at March 31, 2020 was $188,808 (December 31, 2019 - $188,808). The Corporation recorded interest expense on the promissory note for the three and six months ended June 30, 2020 of $2,118 and $4,237 respectively (three and six months ended June 30, 2019 - $2,118 and $4,213 respectively).

(f) In addition, the Corporation has borrowed $1,816,574 as of March 31, 2020 (December 31, 2019 - $1,816,574 held by Gravitas) on an unsecured, non-interest bearing, demand basis from MTG. This debt was acquired by MTG from Gravitas by MTG on December 31, 2019 and all terms remain unchanged.

(g) During the three and six months ended June 30, 2020, the Corporation received non-interest bearing advances of $453,589 and $651,623 respectively (three and six months ended June 30, 2019 - $nil) from its affiliate, Mint Middle East LLC.

(h) At June 30, 2020, the amount due on a non-interest bearing basis to employees and directors was $205,833 (December 31, 2019 - $206,833).

(i) The Corporation has borrowed $790,437 from MTG as of June 30, 2020 (December 31, 2019 – $790,437) on an unsecured, interest-free basis. 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.

### 13. Income (loss) per share

Income (loss) per share is based on the weighted average number of common shares of the Corporation outstanding during the three and six months ended June 30, 2020. 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 three and six months ended June 30, 2020 was 197,141,828 (for the three and six months ended June 30, 2019 – 197,141,828 and 195,180,502).

The diluted number of shares outstanding for the three and six months ended June 30, 2020 was 213,141,828 (for the three and six months ended June 30, 2019 – 197,141,828 and 195,180,502).

**(Expressed in Canadian Dollars)**

## 14. Commitments and contingency

On January 7, 2020, the Corporation entered into an agreement with Gravitas Ilium Corporation ("GIC") for the lease of office space for the period January 1, 2020 to May 31, 2021 at a monthly amount of $2,762 plus HST.

## 15. 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.

| | June 30, 2020<br>$ | December 31, 2019<br>$ |
|---|---|---|
| Due to related parties | 6,925,509 | 6,367,652 |
| Interest due on Series A debentures payable | 1,494,543 | 498,630 |
| Promissory notes payable | - | 44,504 |
| Term loan | 790,437 | 790,437 |
| Series A debentures | 16,332,937 | 15,389,285 |
| Equity deficiency | (72,223,622) | (74,872,716) |
| | (46,680,196) | (51,782,208) |

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.

## 16. 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;

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.

## 16. Financial instruments (continued)

### 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 its 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.

Advances to Mint UAE Entities

The Corporation has made advances over several years to its Mint UAE affiliates: MME, MGEPS, MEPS and MCO; however, these have been recorded at nil value in previous periods due to their respective financial condition and uncertain financial outlook. In accordance with IFRS 9 – Financial Instruments, the Corporation is required at each reporting date to assess the credit risk of these advances.

All of the advances have been made on a demand basis and are unsecured and interest-free. Since the advances are on demand, the assessment of the risk of default is made based on each entity's ability, as at June 30, 2020, to immediately repay the advances to the Corporation from available liquid resources (i.e. cash and cash equivalents). In determining the available resources, any pledges of collateral would reduce the liquid assets available to repay the intercompany advances. As of that date, the Mint UAE affiliates had either pledged their assets as collateral for the Corporation's Series A debentures and had minimal remaining value or had negligible value due to their financial condition. In making its assessment Mint management has also considered various factors which impact the financial condition of each Mint UAE entity and the likelihood of receiving payment of the unsecured advances to the Corporation. In addition to its financial condition as of June 30, 2020, each entity faced a number of risks which would have impacted its value, including: 1) the loss of revenues due to the sale of the payroll card portfolio, 2) potential adjustments to the Edenred transaction as the payroll card migration period continues until September, 2020, 3) the need for additional product development expenditures, 4) uncertainty as to the amount and timing of revenues from new products, 5) the impacts of COVID-19, and 6) general economic and geopolitical challenges within the Gulf Region.

As at June 30, 2020, the Corporation has assessed its advances to the Mint UAE entities in accordance with IFRS 9, and in its judgement, has determined that the advances to each Mint UAE entity remain fully credit impaired.

### 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*].

**(Expressed in Canadian Dollars)**

During the six months ended June 30, 2020, the Corporation managed its liquidity risk through tight control over spending and advances from the Mint UAE entities.

The cash obligations related to the Corporation's financial liabilities as at June 30, 2020:

| | Less than 1 year | More than 1 year | Total |
|---|---|---|---|
| Trade payables and accruals | 343,281 | - | 343,281 |
| Due to related parties | 6,925,509 | - | 6,925,509 |
| Term loan | - | 790,437 | 790,437 |
| Series A debentures - secured, at face value | 1,494,543 | 20,000,000 | 21,494,543 |
| | 8,763,333 | 20,790,437 | 29,553,770 |

**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 June 30, 2020.

**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.

## 17. Comparative figures

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

## 18. Subsequent events

(a) On July 7, 2020, the Corporation received approval from the TSX Venture Exchange for the issuance of common shares in settlement of the interest owing on the Series A debentures as of December 31, 2019 and March 31, 2020. Issuance of the shares is in process.

## 18. Subsequent events (continued)

(b) COVID-19 Outbreak

Subsequent to the 2019 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 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.

(c) Resignation of Mint Chief Financial Officer

On August 21, 2020, Mint announced that the Corporation’s Chief Financial Officer had tendered his resignation effective September 4, 2020 and the Corporation has subsequently hired a new Chief Financial Officer effective September 4, 2020.