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**COIN HODL INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(EXPRESSED IN CANADIAN DOLLARS)**

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## **Independent Auditor's Report**

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To the Shareholders of COIN Hodl Inc. (formerly Malbex Resources Inc.):

### **Opinion**

We have audited the consolidated financial statements of COIN Hodl Inc. (formerly Malbex Resources Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

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

### **Other Information**

Management is responsible for the other information. The other information comprises 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.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Marc Normand.

*MNP LLP*

Toronto, Ontario  
April 30, 2019

Chartered Professional Accountants  
Licensed Public Accountants

**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	As at December 31, 2018	As at December 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,688,252	\$ 4,982,804
Receivables	3,400	-
Prepaid expenses	47,612	13,566
Investments (note 6)	1,453,437	-
<b>Total assets</b>	<b>\$ 3,192,701</b>	<b>\$ 4,996,370</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 11)	\$ 74,548	\$ 72,314
<b>Total liabilities</b>	<b>74,548</b>	<b>72,314</b>
<b>Equity</b>		
Capital stock (note 7)	34,360,252	34,360,252
Contributed surplus	12,184,109	12,184,109
Deficit	(43,426,208)	(41,620,305)
<b>Total equity</b>	<b>3,118,153</b>	<b>4,924,056</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,192,701</b>	<b>\$ 4,996,370</b>

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

Commitments (note 13)  
Subsequent events (note 15)

**Approved on behalf of the Board:**

"Ben Cubitt", Director \_\_\_\_\_

"Justin Oliver", Director \_\_\_\_\_

**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Year ended December 31, 2018	Year ended December 31, 2017
<b>Net investment losses</b>		
Net change in unrealized loss on investments (note 6)	\$ 1,481,255	\$ -
	<b>1,481,255</b>	<b>-</b>
<b>Operating expenses</b>		
General and administrative (note 12)	428,731	536,568
	<b>428,731</b>	536,568
Interest loss (income)	(36,978)	42,214
Foreign exchange (gain) loss	(28,179)	6,285
Gain on sale of investments	(38,926)	-
<b>Net loss for the year</b>	<b>\$ 1,805,903</b>	<b>\$ 585,067</b>
<b>Other comprehensive loss</b>		
<b>Items that will be reclassified subsequently to income</b>		
Cumulative translation adjustments	\$ -	\$ (2,712)
Reclassification on dissolution of subsidiaries	-	46,512
<b>Other comprehensive loss for the year</b>	<b>-</b>	<b>43,800</b>
<b>Total comprehensive loss for the year</b>	<b>\$ 1,805,903</b>	<b>\$ 628,867</b>
<b>Basic and diluted net loss per share (note 9)</b>	<b>\$ 0.12</b>	<b>\$ 0.04</b>
<b>Weighted average number of common shares outstanding</b>	<b>14,654,730</b>	<b>14,654,730</b>

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

**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Year ended December 31, 2018	Year ended December 31, 2017
<b>Operating activities</b>		
Net loss for the year	\$ (1,805,903)	\$ (585,067)
Adjustments for:		
Unrealized foreign exchange	79,666	2,712
Storage fees settled with digital currencies	6,088	-
Stock-based compensation	-	139,880
Other income	(38,926)	-
Net change in unrealized loss on investments	1,401,589	-
Changes in non-cash working capital items:		
Receivables	(3,400)	-
Prepaid expenses	(34,046)	5,334
Accounts payable and accrued liabilities	2,234	14,916
<b>Net cash used in operating activities</b>	<b>(392,698)</b>	<b>(422,225)</b>
<b>Investing activities</b>		
Purchase of investments	(2,901,854)	-
<b>Net cash used in investing activities</b>	<b>(2,901,854)</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,294,552)</b>	<b>(422,225)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,982,804</b>	<b>5,405,029</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,688,252</b>	<b>\$ 4,982,804</b>

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

**COIN Hodi Inc. (formerly Malbex Resources Inc.)**  
**Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
<b>Balance, December 31, 2016</b>	<b>\$ 34,360,252</b>	<b>\$ 12,044,229</b>	<b>\$ 43,800</b>	<b>\$ (41,081,750)</b>	<b>\$ 5,366,531</b>
Stock-based compensation	-	139,880	-	-	139,880
Other comprehensive loss for the year	-	-	(43,800)	46,512	2,712
Net loss for the year	-	-	-	(585,067)	(585,067)
<b>Balance, December 31, 2017</b>	<b>\$ 34,360,252</b>	<b>\$ 12,184,109</b>	<b>\$ -</b>	<b>\$ (41,620,305)</b>	<b>\$ 4,924,056</b>
Net loss for the year	-	-	-	(1,805,903)	(1,805,903)
<b>Balance, December 31, 2018</b>	<b>\$ 34,360,252</b>	<b>\$ 12,184,109</b>	<b>\$ -</b>	<b>\$ (43,426,208)</b>	<b>\$ 3,118,153</b>

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

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

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**1. Nature of operations**

COIN Hodl Inc. (formerly Malbex Resources Inc.) and its subsidiaries (the "Company" or "COIN") is a Canadian based company. Malbex Resources Inc. was originally incorporated on April 7, 1998 under the laws of British Columbia and operated as Arapaho Capital Corp. ("Arapaho") until December 8, 2009. Effective December 8, 2009, Arapaho operated as Malbex Resources Inc. on a continuing basis under the laws of Ontario. On September 6, 2018, the Company changed its name to COIN Hodl Inc. COIN is a publicly listed company with common shares traded on the TSX Venture Exchange ("TSX-V"). The address of the Company's registered office is the Canadian Venture Building, 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

During the year ended December 31, 2018, the Company closed its change of business transaction pursuant to the policies of the TSX-V and is now a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors. See note 14.

The Company common shares are listed on the TSX-V as a Tier 2 Investment Issuer and trade on the TSX-V under the symbol "COIN".

**2. Significant accounting policies**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of April 29, 2019, the date the Board of Directors approved the statements.

Consolidation

The Company's consolidated financial statements include the interests in the Company's three wholly owned subsidiaries: Malbex Nominee Inc., Malbex Cooperatief U.A. (prior to dissolution in November 2017), and Malbex B.V. (prior to dissolution in November 2017).

These consolidated financial statements incorporate the assets, liabilities and results of operations of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group have been eliminated.

Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. Items included in the financial statements of COIN Hodl Inc. (the "Parent") and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
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**2. Significant accounting policies (continued)**

Foreign currency (continued)

The functional currency of the Parent is the Canadian dollar and the functional currency of each subsidiary is the United States dollar ("USD"). The subsidiaries are funded by the Parent company in USD. When translating to functional currency, foreign currency monetary assets and liabilities are translated into the functional currency at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities are translated at the rate of exchange prevailing when the assets were acquired or the liabilities incurred. Income, and expense items are translated using the average rate of exchange during the financial statement periods, except for one time specific transactions that can be measured at their transaction date. Foreign exchange gains and losses resulting from the translation of monetary balances and balances denominated in foreign currencies are included in net loss and comprehensive loss.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated into the presentation currency at the period end exchange rate and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income as cumulative translation adjustments.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid short-term investments held in the form of high quality money market investments with a maturity date of less than three months at acquisition.

Share-based payments

Equity-settled share-based payments to employees and consultants providing services to the Company are measured at the fair value of the equity instruments at the grant date.

The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options are granted. The fair value of awards is adjusted by the estimated number of options that are expected to vest as a result of non-market conditions, and is expensed over the vesting period, which is established by the Board of Directors for each award, using a graded vesting method of amortization. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in net loss, with a corresponding adjustment to contributed surplus.

Income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
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**2. Significant accounting policies (continued)**

Income (loss) per share

Basic loss per common share has been computed by dividing the income (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the period.

Diluted income (loss) per common share is determined using the deemed proceeds on the exercise of stock options and other dilutive instruments are considered to be used to reacquire common shares at the average share price for the period with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would increase income per share or decrease loss per share.

Financial instruments

Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's consolidated financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. The Company has elected to continue with IAS 39 for hedging. This does not have an effect on our reported results.

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

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<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Loans and receivables	FVTPL
Investments	Loans and receivables	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

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As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Notes to Consolidated Financial Statements**  
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**2. Significant accounting policies (continued)**

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and investments are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's amounts receivable is classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
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**2. Significant accounting policies (continued)**

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

New standards adopted

IFRS 15 - Revenue from Contracts with Customers. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 - Revenue, IAS 11 - Construction Contracts, and a number of revenue related interpretations. On January 1, 2018, the Company adopted these amendments and there was no material impact on the Company's consolidated financial statements.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants, recognition of deferred income tax amounts and fair value of the investment in private company. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material. Significant assumptions and judgment about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

At present, there is limited guidance in IFRS on the recognition and measurement of digital currencies. These assets are measured at fair value using the quoted price on [www.coinmarketcap.com](http://www.coinmarketcap.com). Management considers this fair value to be a Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. These assets are valued based on the closing price obtained from the [www.coinmarketcap.com](http://www.coinmarketcap.com) ("Coin Market Cap") at the reporting period corresponding to the different assets held by the Company. The Company is relying on the data available at [www.coinmarketcap.com](http://www.coinmarketcap.com) to be an accurate representation of the closing price for the different digital currency assets.

Functional currency – Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). Judgment is necessary in assessing each entity's functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.

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**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
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#### **4. Capital risk management**

The Company considers its capital structure to consist of capital stock, contributed surplus, deficit and accumulated other comprehensive income, which at December 31, 2018 totaled \$3,118,153 (December 31, 2017 - \$4,924,056). When managing capital, the Company's objective is to ensure the Company continues as a going concern, to identify a new project as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management reviews and adjusts its capital structure on an ongoing basis. There can be no assurance that the Company will be able to continue to meet its funding requirements in this manner.

The Company is dependent on external financing to fund its activities. In order to identify a new project and pay for administrative costs, the Company will spend its existing working capital and may issue new shares to facilitate the management of its capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2018. The Company is not subject to any externally imposed capital requirements.

#### **5. Financial instruments**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk, including interest rate and foreign currency rate.

Financial risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

##### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents. Cash and cash equivalents are held with Canadian chartered banks which are closely monitored by management. The Company has a concentration of credit risk as a result of 65% of their investments being held in digital currency held by Goldmoney.

##### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had cash and cash equivalents of \$1,688,252 to settle current liabilities of \$74,548. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

##### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

##### i) Interest Rate Risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in interest-bearing securities of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

##### ii) Foreign Currency Risk

The Company is not subject to significant foreign currency risk.

**COIN Hodl Inc. (formerly Malbex Resources Inc.)**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars)**

**5. Financial instruments (continued)**

Financial Instruments

The Company has designated its cash and cash equivalents as FVTPL. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2018 and December 31, 2017, the carrying value and fair value amounts of the Company's financial instruments were approximately equivalent.

Other price risk

The Company is exposed to additional price risk due to the volatility in the digital currency markets. The fair value of digital currencies is subject to frequent and material fluctuations which would result in a change in the fair value of investments held in digital currencies by the Company.

**6. Investments**

<b>As at December 31, 2018</b>	<b>Number</b>	<b>Cost</b>	<b>Market Value Adjustment</b>	<b>Fair Value</b>
Abaxx Technologies Inc.	1,250,000	\$ 500,000	\$ 0	\$ 500,000
Bitcoin	109.20148	961,074	(401,874)	559,200
Ethereum	1,417.14	960,923	(700,227)	260,696
Bitcoin Cash	428.74	479,857	(389,919)	89,938
Bitcoin SV <sup>(1)</sup>	428.74	38,926	10,765	49,691
		<b>\$ 2,940,780</b>	<b>\$ (1,481,255)</b>	<b>\$ 1,459,525</b>

<sup>(1)</sup> Bitcoin SV was obtained by the Company as a result of a coin split of Bitcoin Cash at a 1:1 split ratio.

The Company has elected to irrevocably designate its investments as FVTPL. Gains and losses in respect of these investments are recognized in net income or loss, as a net change in unrealized gain or loss on investments, in the consolidated statements of loss and comprehensive loss.

**Fair value hierarchy**

Financial instruments recorded 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2018.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments	\$ 0	\$ 959,525	\$ 500,000	\$ 1,459,525
Cash	1,688,252	0	0	1,688,252
	<b>\$ 1,688,252</b>	<b>\$ 959,525</b>	<b>\$ 500,000</b>	<b>\$ 3,147,777</b>

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**6. Investments (continued)**

Digital currencies are measured using the rate from digital currency exchanges and are included in Level 2. Investments in private entities where recent financing valuations are available are included in Level 3.

The Company obtains the equivalency rate of digital currencies to CAD from [www.coinmarketcap.com](http://www.coinmarketcap.com).

**7. Capital stock**

a) Authorized share capital

Authorized share capital consists of an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

b) Common shares issued

	<b>Number of common shares</b>	<b>Amount</b>
Balance, December 31, 2016, December 31, 2017, and December 31, 2018	14,654,730	\$ 34,360,252

**8. Stock options**

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the directors of the Company may, from time to time, at their discretion, grant to directors, officers, employees, advisors and consultants to the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issue under the Option Plan will not exceed 10% of the number of then outstanding common shares. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms will be determined at the time of grant in accordance with the Option Plan.

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
Balance, December 31, 2016	1,087,500	\$ 0.65
Issued (i)	400,000	0.33
Expired	(87,500)	4.50
Balance, December 31, 2017 and December 31, 2018	1,400,000	\$ 0.32

(i) On May 3, 2017, the Company issued 400,000 incentive stock options to directors and officers of the Company with an exercise price of \$0.33 and expiring May 3, 2022. The incentive stock options vested immediately. The fair value of \$139,880 was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: share price \$0.35; expected dividend yield of 0%; risk-free interest rate of 1.47%; expected average life of five years; and expected volatility of 300%.

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**8. Stock options (continued)**

The following table reflects the actual stock options issued and outstanding as of December 31, 2018:

<b>Expiry date</b>	<b>Weighted average exercise price (\$)</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Number of options outstanding</b>	<b>Number of options vested (exercisable)</b>
May 10, 2021	0.31	2.36	1,000,000	1,000,000
May 3, 2022	0.33	3.34	400,000	400,000
	0.32	2.64	1,400,000	1,400,000

**9. Loss per share**

For the year ended December 31, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$1,805,903 (year ended December 31, 2017 - \$585,067) and the weighted average number of common shares outstanding of 14,654,730 (year ended December 31, 2017 - 14,654,730). Diluted loss per share did not include the effect of stock options as they are anti-dilutive.

**10. Income taxes**

A reconciliation between tax expense and the product of accounting loss multiplied by the Corporation's domestic rate is as follows:

	<b>Year ended December 31, 2018</b>	<b>Year ended December 31, 2017</b>
Loss before income taxes	\$ (1,805,903)	\$ 585,067
Statutory tax rate	26.50%	26.50%
Expected income tax recovery	478,564	(155,043)
Adjustment to carryforwards	841,539	-
Change in timing differences not recognized	(1,318,447)	176,112
Permanent differences	(1,656)	(21,069)
Deferred income tax recovery	\$ -	\$ -

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefit of the following unused tax losses and other deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings:

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**10. Income taxes (continued)**

	December 31, 2018	December 31, 2017
Tax loss carry-forwards	\$ 9,768,913	\$ 9,361,153
Exploration and development	590,251	725,706
Investments	1,481,255	-
Capital losses carried forward	6,302,095	-
Property plant and equipment	39,079	39,079
Other	2,690	2,690
	<b>\$ 18,184,283</b>	<b>\$ 10,128,628</b>

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

Year of expiry	
2026	\$ 550,000
2027	1,037,000
2028	283,000
2029	1,861,000
2030	1,124,000
2031	1,287,000
2032	313,000
2033	987,000
2034	236,000
2035	812,000
2036	508,000
2037	362,000
2038	318,000
	<b>\$ 9,678,000</b>

The benefit from the non-capital loss carryforward amounts have not been recorded in the financial statements.

**11. Related party transactions**

Related parties include key management being the Company's executive officers and the Board of Directors. The following related party transactions were conducted in the normal course of operations and were recorded at the exchange amount agreed to by the respective parties.

(a) Compensation of key management personnel of the Company

In accordance with IAS 24, Related Party Disclosures ("IAS 24"), key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends, was as follows:

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**11. Related party transactions (continued)**

	Year ended December 31, 2018	Year ended December 31, 2017
Management fees	\$ 104,765	\$ 74,219
Director fees	30,907	75,000
Stock-based compensation	-	139,880
	<b>\$ 135,672</b>	<b>\$ 289,099</b>

(b) The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the former President and Chief Executive Officer ("CEO"). During the year ended December 31, 2018 the Company incurred \$12,000 (year ended December 31, 2017 - \$24,000) for CEO services. As at December 31, 2018, Pickax was owed \$nil (December 31, 2017 - \$12,000) and this amount was included in accounts payable and accrued liabilities.

(c) The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the year ended December 31, 2018 the Company incurred \$46,175 (year ended December 31, 2017 - \$50,219) for CFO and accounting services rendered by MSSI. As at December 31, 2018, MSSI was owed \$6,470 (December 31, 2017 - \$6,100) and this amount was included in accounts payable and accrued liabilities.

(d) The Company received management services from Samara Capital Inc. ("Samara"), a company controlled by the CEO. During the year ended December 31, 2018 the Company incurred \$39,734 (year ended December 31, 2017 - \$nil) for management services. As at December 31, 2018, Samara was owed \$39,734 (December 31, 2017 - \$nil) and this amount was included in accounts payable and accrued liabilities.

(e) A director of the Company is an officer and director of Goldmoney Inc. ("Goldmoney"), a company providing custodian services. During the year ended December 31, 2018 the Company incurred \$6,857 (year ended December 31, 2017 - \$nil) for custodian services. As at December 31, 2018, Goldmoney was owed \$nil (December 31, 2017 - \$nil) and this amount was included in accounts payable and accrued liabilities.

**12. General and administrative**

	Year ended December 31, 2018	Year ended December 31, 2017
Corporate expenses	\$ 133,833	\$ 106,618
Salaries and benefits (note 11)	13,236	27,606
Shareholder information	59,596	29,550
Stock-based compensation	-	139,880
Professional fees (note 11)	222,066	232,914
	<b>\$ 428,731</b>	<b>\$ 536,568</b>

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**13. Commitments**

On May 29, 2018, the Company and Samara entered into the Management Services Agreement pursuant to which Samara will be appointed to manage the operations, business and affairs of the Company and to provide all necessary or advisable administrative services and facilities to carry out the merchant banking business of the Company for the Initial Term. The Management Services Agreement provides Samara with broad discretion, subject to certain limitations, to carry out the Investment Policy.

The Management Service Agreement will be in force for the Initial Term, expiring December 31, 2022, at which time (and from time to time thereafter) it will automatically renew for a period of one year. The Management Service Agreement can be terminated by: written agreement between the Company and Samara; by either party on notice before the end of the initial or a renewal term; by the Company in the event of a persistent or fundamental breach by Samara; by the Company after a change of control or sale of its business; by the Company should Ben Cubitt cease to be employed by Samara; by the Company upon an insolvency; or by Samara in the event of a change of control, material change in business, creation of a new class of shares, or a proposal to wind up the Company without Samara's prior consent.

Samara shall be entitled to the Management Fee, which shall be, initially, an annual fee equal to 2% of the Company's Net Asset Value. The Management Fee will be calculated and accrue quarterly (i.e., 0.5% of net asset value per quarter), payable within 30 days following the end of the quarter to which the payment is referable. At any time following the end of the Initial Term, the Board may elect to review and reset the Management Fee (the "Management Fee Review Election").

Either party hereto may terminate this Agreement effective at the end of the Initial Term or current successive term, as applicable, by giving the other of them at least 180 days' written notice prior to the expiry of such term, and, in the event of such termination by the Company, Samara shall be entitled to a cash payment upon termination of (i) all Management Fees payable to Samara up to and including the Termination Date, plus (ii) if the Termination Payout Condition has been satisfied, a lump sum equal to the Termination Payout.

The "Termination Payout" means two times (2x) the aggregate Management Fees accrued for the four most recently completed financial quarters of the Company preceding the Termination Date. "Termination Payout Condition" means the Company having raised a minimum of \$10 million of new equity capital between the Commencement Date and the earlier of (i) the Termination Date, and (ii) the end of the Initial Term.

Samara may terminate this Agreement within 180 days following the occurrence of a Triggering Event by giving at least 90 days' prior written notice to the Corporation of such termination, and, in the event of such a termination, Samara shall be entitled to a cash payment upon termination of (i) all Management Fees payable to Samara up to and including the Termination Date, plus (ii) a lump sum equal to that percentage of the Net Asset Value on the Termination Date that is equal to 0.1667% multiplied by the number of months remaining in the Initial Term or the current successive term, as applicable, as of the Termination Date, plus (iii) if the Termination Payout Condition has been satisfied, a lump sum equal to the Termination Payout;

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**13. Commitments (continued)**

"Triggering Event" means any of the following events that occur without the prior written consent of Samara:

- i) a Change of Control of the Company;
- ii) during the Initial Term, a decision by the Board that results in a material change to the nature of the Business being carried out by the Company;
- iii) during the Initial Term, a decision by the Board which is inconsistent with the Cryptocurrency and Block-Chain Investment Business and the delegation of duties to Samara as set forth in this Agreement;
- iv) during the Initial Term, the issuance or creation of any new class of shares or securities convertible into a new class of shares of the Company that would not be subject to the terms of this Agreement; or
- v) during the Initial Term, a decision by the Board or a proposal by the Board to the shareholders of the Company to wind-up the Company.

Either party may terminate this Agreement if after 45 days following the occurrence of a Management Fee Review Election, the parties have not agreed on the Management Fee for the remainder of the Initial Term, by giving at least 60 days' prior written notice to the other party of such termination, and, in the event of such a termination, Samara shall be entitled to a cash payment upon termination of (i) all Management Fees payable to Samara up to and including the Termination Date, plus (ii) a lump sum equal to 150% of the Management Fee paid for the last completed financial year.

**14. Change of Business**

During the year ended December 31, 2018, the Company closed its change of business transaction pursuant to the policies of the TSX-V and is now a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors.

Pursuant to the transaction, the Company has retained Samara to provide the services of Ben Cubitt as the new Chief Executive Officer of the Company to develop, manage and carry on the new business pursuant to the terms of a management services agreement entered into between the Company and Samara and a board approved investment policy (the "Investment Policy").

Pursuant to the Investment Policy, the primary investment targets are cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or the Company may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means.

See subsequent events for change of business focus subsequent to year-end.

**15. Subsequent event**

Subsequent to December 31, 2018, the Company divested all its digital currency assets and shifted the business focus to actively pursuing new investment opportunities outside the sectors of digital currency and block chain. The decision was made as a result of the Company's digital currency custodian, Goldmoney Wealth Limited, no longer offering custodial services. The Company received net proceeds of \$767,080 from the disposition of its entire digital currency portfolio.

Subsequent to December 31, 2018, the Company announced the appointment of a new Chief Financial Officer, Aamer Siddiqui.