



COIN HODL INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of COIN HODL Inc.:

Opinion

We have audited the consolidated financial statements of COIN HODL Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 Brock Stroud.

Toronto, Ontario
April 28, 2020

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

COIN Hodl Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,427,444	\$ 1,688,252
Receivables	24,724	3,400
Prepaid expenses	20,576	47,612
Investments (note 6)	687,500	1,453,437
Total assets	\$ 3,160,244	\$ 3,192,701
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 81,777	\$ 74,548
Total liabilities	81,777	74,548
Shareholders' Equity		
Capital stock (note 7)	34,360,252	34,360,252
Contributed surplus	12,184,109	12,184,109
Deficit	(43,465,894)	(43,426,208)
Total shareholders' equity	3,078,467	3,118,153
Total liabilities and shareholders' equity	\$ 3,160,244	\$ 3,192,701

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

Nature of operations (note 1)

Commitments (note 13)

Approved on behalf of the Board:

"Ben Cubitt", Director _____

"Justin Oliver", Director _____

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

	Year ended December 31, 2019	Year ended December 31, 2018
Operating expenses		
General and administrative (note 12)	244,194	428,731
Interest income	(23,503)	(36,978)
Foreign exchange loss (gain)	10,615	(28,179)
Realized loss (gain) on sale of investments	1,477,135	(38,926)
Net change in unrealized loss on investments (gain) loss	(1,668,755)	1,481,255
Total comprehensive loss	\$ 39,686	\$ 1,805,903
Basic and diluted net loss per share (note 9)	\$ 0.00	\$ 0.12
Basic and diluted weighted average number of common shares outstanding	14,654,730	14,654,730

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

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

	Year ended December 31, 2019	Year ended December 31, 2018
Operating activities		
Net loss for the year	\$ (39,686)	\$ (1,805,903)
Adjustments for:		
Realized loss on sale of investments	1,479,520	-
Unrealized foreign exchange	(6,088)	79,666
Storage fees settled with digital currencies	2,385	6,088
Other income	-	(38,926)
Unrealized (gain) loss on investments	(1,671,140)	1,401,589
Changes in non-cash working capital items:		
Receivables	(21,324)	(3,400)
Prepaid expenses	27,036	(34,046)
Accounts payable and accrued liabilities	7,229	2,234
Net cash used in operating activities	(222,068)	(392,698)
Investing activities		
Sale of investments	961,260	-
Purchase of investments	-	(2,901,854)
Net cash provided by (used in) investing activities	961,260	(2,901,854)
Net change in cash and cash equivalents	739,192	(3,294,552)
Cash and cash equivalents, beginning of year	1,688,252	4,982,804
Cash and cash equivalents, end of year	\$ 2,427,444	\$ 1,688,252

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

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

	Capital stock	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2017	\$ 34,360,252	\$ 12,184,109	\$ -	\$ (41,620,305)	\$ 4,924,056
Net (loss) for the year	-	-	-	(1,805,903)	(1,805,903)
Balance, December 31, 2018	\$ 34,360,252	\$ 12,184,109	\$ -	\$ (43,426,208)	\$ 3,118,153
Net (loss) for the year	-	-	-	(39,686)	(39,686)
Balance, December 31, 2019	\$ 34,360,252	\$ 12,184,109	\$ -	\$ (43,465,894)	\$ 3,078,467

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

COIN Hodl Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

1. Nature of operations

COIN Hodl Inc. and its subsidiary (the "Company" or "COIN") is a Canadian based company. COIN Hodl 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.

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".

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.

During the year, 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.

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 28, 2020, the date the Board of Directors approved the statements.

Consolidation

The Company's consolidated financial statements include the interest in the Company's wholly owned subsidiary: Malbex Nominee Inc.

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 the Company's subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The functional currency of the Parent is the Canadian dollar and the functional currency of the subsidiary is the United States dollar ("USD"). The subsidiary is 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 comprehensive loss.

COIN Hodl Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2019 and 2018
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Foreign currency (continued)

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.

Income (loss) per share

Basic income (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.

The diluted loss per share amounts are calculated by dividing net profit attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares, which comprise warrants and stock options granted. During the years ended December 31, 2019 and 2018, shares issuable on exercise of all the outstanding stock options were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

COIN Hodl Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

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.

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").

Below is a summary showing the classification and measurement bases of our financial instruments:

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, or amortized cost. 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 cash equivalents 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".

iii) Investments recorded at fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

COIN Hodl Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

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.

COIN Hodl Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

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 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

Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following and there was no material impact on the Company's financial statements as a result of the Company not having any leases.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

COIN Hodl Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

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, 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. 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 ("Coin Market Cap") at the reporting period corresponding to the different assets held by the Company. The Company liquidated all digital currency holdings in the year and as a result no longer rely on quoted prices on www.coinmarketcap.com for the fair value of these investments.

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.

COIN Hodl Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

4. Capital risk management

The Company considers its capital structure to consist of capital stock, contributed surplus and deficit, which at December 31, 2019 totaled \$3,078,467 (December 31, 2018 - \$3,118,153). 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, 2019. 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.

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, 2019, the Company had cash and cash equivalents of \$2,427,444 to settle current liabilities of \$81,777. 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's cash includes \$468,492 held in United States Dollars; which is subject to fluctuations in the currency price market.

COIN Hodl Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

5. Financial instruments (continued)

Financial Instruments

The Company has designated its cash and cash equivalents and investments as FVTPL. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2019 and December 31, 2018, the carrying value and fair value amounts of the Company's financial instruments were approximately equivalent.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible" due to the Level 3 investment held. As a result of the 1,250,000 shares held in Abaxx Technologies Inc. ("Abaxx"), a 10% fluctuation in fair value of the shares in Abaxx would result in a change in fair value of \$68,750.

6. Investments

As at December 31, 2019	Number	Cost	Market Value Adjustment	Fair Value
Abaxx	1,250,000	\$ 500,000	\$ 187,500	\$ 687,500

As at December 31, 2018	Number	Cost	Market Value Adjustment	Fair Value
Abaxx	1,250,000	\$ 500,000	\$ -	\$ 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	428.74	38,926	10,765	49,691
		\$ 2,940,780	\$ (1,481,255)	\$ 1,459,525

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 comprehensive loss.

During the year ended December 31, 2019, 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. As a result of the liquidation, the Company received \$961,288 and recorded a loss on sale of digital currencies of \$1,477,135 (2018 - gain of \$38,926) and an unrealized gain on digital currencies of \$1,481,255 (2018 - loss of \$1,481,255) in the consolidated statement of loss for the year ended December 31, 2019.

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).

COIN Hodl Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

6. Investments (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2019.

	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ -	\$ 687,500	\$ 687,500
Cash and cash equivalents	2,427,444	-	-	2,427,444
	\$ 2,427,444	\$ -	\$ 687,500	\$ 3,114,944

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

	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ 959,525	\$ 500,000	\$ 1,459,525
Cash and cash equivalents	1,688,252	-	-	1,688,252
	\$ 1,688,252	\$ 959,525	\$ 500,000	\$ 3,147,777

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

	Number of common shares	Amount
Balance, December 31, 2018 and December 31, 2019	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.

COIN Hodl Inc.

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8. Stock options (continued)

Stock options outstanding are as follows:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018 and December 31, 2019	1,400,000	\$ 0.32

The following table reflects the actual stock options issued and outstanding as of December 31, 2019:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 10, 2021	0.31	1.36	1,000,000	1,000,000
May 3, 2022	0.33	2.34	400,000	400,000
	0.32	1.64	1,400,000	1,400,000

9. Loss per share

For the year ended December 31, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$39,686 (year ended December 31, 2018 - \$1,805,903) and the weighted average number of common shares outstanding of 14,654,730 (year ended December 31, 2018 - 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 of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2018 - 26.5%) to the effective tax rate is as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Loss before income taxes	\$ (39,686)	\$ (1,805,903)
Statutory tax rate	26.50%	26.50%
Expected income tax recovery	(10,517)	478,564
Adjustment to carryforwards	1,143	841,539
Change in timing differences not recognized	9,374	(1,318,447)
Permanent differences	-	(1,656)
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.

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10. Income taxes (continued)

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:

	December 31, 2019	December 31, 2018
Tax loss carry-forwards	\$ 11,358,422	\$ 9,768,913
Exploration and development	531,226	590,251
Investments	-	1,481,255
Capital losses carried forward	6,302,095	6,302,095
Property plant and equipment	26,020	39,079
Other	2,690	2,690
	\$ 18,220,453	\$ 18,184,283

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

Year of expiry		
	2028	\$ 362,785
	2029	1,319,736
	2030	1,861,377
	2031	1,124,267
	2032	1,286,577
	2033	313,167
	2034	1,223,154
	2035	812,189
	2036	508,378
	2037	452,180
	2038	385,675
	2039	1,708,937
		\$ 11,358,422

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.

COIN Hodl Inc.

Notes to Consolidated Financial Statements Years Ended December 31, 2019 and 2018 (Expressed in Canadian Dollars)

11. Related party transactions (continued)

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:

	Year ended December 31, 2019	Year ended December 31, 2018
Management fees	\$ 127,424	\$ 104,765
Director fees	-	30,907
	\$ 127,424	\$ 135,672

(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, 2019, the Company incurred \$nil (year ended December 31, 2018 - \$12,000) for CEO services.

(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, 2019, the Company incurred \$47,051 (year ended December 31, 2018 - \$46,175) for CFO and accounting services rendered by MSSI. As at December 31, 2019, MSSI was owed \$2,359 (December 31, 2019 - \$6,470) 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, 2019, the Company incurred \$77,988 (December 31, 2018 - \$39,734) for management services. As at December 31, 2019, Samara was owed \$40,052 (December 31, 2018 - \$39,734) 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, 2019, the Company incurred \$2,385 (December 31, 2018 - \$6,857) for custodian services. As of December 31, 2019, Goldmoney was owed \$nil (December 31, 2018 - \$nil).

12. General and administrative

	Year ended December 31, 2019	Year ended December 31, 2018
Corporate expenses	\$ 59,659	\$ 133,833
Salaries and benefits (note 11)	-	13,236
Shareholder information	20,461	59,596
Professional fees (note 11)	164,074	222,066
	\$ 244,194	\$ 428,731

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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 Company 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.

During the year ended December 31, 2018, a Triggering Event occurred such that the Company has had a material change to the nature of the Business. Due to the liquidation of all digital currencies, and a shift in focus of the Company to now actively pursue new opportunities. Samara has not provided a notice of termination and as such the Master Service Agreement will continue.

14. Subsequent event

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.