MX GOLD CORP.

Condensed Interim Financial Statements

Six months ended June 30, 2019

Expressed in Canadian dollars

[Unaudited – prepared by management]

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited condensed interim financial statements of MX Gold Corp. (the" Company") have been prepared by and are the responsibility of the Company's management.

MX GOLD CORP.

Condensed Interim Statements of Financial Position
Expressed in Canadian Dollars

As at	June 30 2019	December 31 2018
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	-	10,092
Restricted cash (Note 5)	-	345
Marketable securities	300,000	-
Sales tax receivables	59,697	52,194
Prepaid expenses	35,008	80,491
Assets held for sale (Note 7)	-	3,491,651
Total current assets	394,705	3,634,773
Property, plant and equipment, net (Note 8)	177,381	211,587
Total assets	572,086	3,846,360
LIABILITIES		
Current liabilities		
Bank Indebtedness	174	-
Accounts payable and accrued liabilities	255,684	356,381
Due to related parties (Note 9)	501,109	638,419
Current portion of lease obligations (Note 11)	67,684	65,874
Liabilities associated with assets held for sale (Note 7)	-	2,494,965
Provisions (Note 10)	499,252	499,252
Total current liabilities	1,323,903	4,054,891
Lease obligations (Note 11)	21,945	56,246
	1,345,848	4,111,137
EQUITY		
Share capital (Note 12)	38,501,106	38,501,106
Contributed surplus (Note 12)	3,983,931	3,983,931
Deficit	(43,258,799)	(42,749,814)
Total shareholders' deficit	(773,762)	(264,777)
Total liabilities and shareholders' deficit	572,086	3,846,360

On behalf of the Board:

"Dan Omeniuk"
Director

"Robert Jeffery"
Director

The accompanying notes are an integral part of these financial statements

MX GOLD CORP.
Condensed Interim Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

	Three months ended June 30 2019	Three months ended June 30 2018	Six months ended June 30 2019	Six months ended June 30 2018
	$	$	$	$
Income				
Digital asset mined (Note 4)	-	116,286	-	277,950
General and Administrative Expenses				
Professional, management and consulting fees (Note 9)	55,370	248,539	105,032	465,389
Salaries and benefits	-	24,488	-	74,828
Insurance, office and miscellaneous	14,475	146,679	43,620	346,016
Investor relations and public company costs	3,130	43,921	6,191	68,531
Lease expenses	-	4,452	-	8,905
Finance costs	715	11,445	1,125	13,999
Share-based payments (Note 12)	-	1,489	-	5,940
Depreciation of property plant and equipment (Note 8)	4,211	71,944	8,919	121,476
	(77,901)	(552,957)	(164,887)	(1,105,084)
	(77,901)	(436,671)	(164,887)	(827,134)
Other (Expense) Income				
Revaluation of digital asset (Note 4)	-	5,225	-	(22,567)
Gain from disposal of property, plant, and equipment	-	-	-	225
Revaluation loss on marketable securities	(300,000)	-	(338,000)	-
Gain (Loss) on assets held for sale (Note 8)	-	(1,603,479)	32,143	(1,715,960)
	(300,000)	(1,598,254)	(305,857)	(1,738,302)
Net loss and comprehensive loss from continuing operations	(377,901)	(2,034,925)	(470,744)	(2,565,436)
Discontinued Operations				
Net loss and comprehensive loss from discontinued operations (Note 17)	(24,010)	(87,578)	(38,241)	(189,352)
Net loss and comprehensive loss	(401,911)	(2,122,503)	(508,985)	(2,754,788)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares				
- basic and diluted	285,447,252	285,447,252	285,447,252	285,447,252

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

MX GOLD CORP.
Condensed Interim Statements of Cash Flows
Expressed in Canadian Dollars

	Six months ended June 30 2019	Six months ended June 30 2018
	$	$
Cash flows used in		
Operating activities		
Loss for the period	(508,985)	(2,754,788)
Adjustments:		
Share-based payments (Note 12)	-	5,940
(Gain) loss from disposal of property, plant, and equipment	-	(225)
Depreciation of property, plant and equipment (Note 8)	34,205	189,520
Revaluation loss on digital assets (Note 4)	-	22,567
Revaluation loss on marketable securities	338,000	-
(Gain) Loss on assets held for sale (Note 8)	(32,143)	1,715,960
	(168,923)	(821,026)
Changes in non-cash working capital:		
Digital assets	-	(69,612)
GST receivables	(7,503)	(8,492)
Prepaid expenses	45,483	(219,829)
Accounts payable and accrued liabilities	(97,367)	(176,953)
Due to related parties	(137,310)	204,138
Operating cash flows	(365,620)	(1,091,774)
Decrease in restricted cash	345	136,165
Cash used in operating activities	(365,275)	(955,609)
Investing activities		
Purchase of marketable securities	(638,000)	-
Proceeds from disposal of property, plant, and equipment	237,500	198,000
Proceeds from disposal of assets held for sale	788,000	-
Exploration and evaluation assets expenditures	-	(72,000)
Long-term investment	-	(100,168)
Cash provided by investing activities	387,500	25,832
Financing activities		
Share subscriptions received in advance	-	(1,422,500)
Proceeds from Issuance of shares	-	2,189,500
Repayment of lease obligations	(32,491)	(36,873)
Cash provided by (used in) financing activities	(32,491)	730,127
Decrease in cash and cash equivalents	(10,266)	(199,650)
Cash and cash equivalents, beginning of year	10,092	211,733
Cash and cash equivalents, end of year	**(174)**	**12,083**

The accompanying notes are an integral part of these financial statements

MX GOLD CORP.
Condensed Interim Statements of Changes in Equity
Expressed in Canadian Dollars

	Share Capital		Contributed	Subscriptions received		
	Number	Amount	Surplus	in Advance	Deficit	Total
		$	$	$	$	$
Balance, December 31, 2017	256,253,918	36,311,606	3,977,992	1,422,500	(26,595,870)	15,116,228
Shares issued for cash pursuant to non-brokered private placement (Note12(c))	29,193,334	2,189,500	-	(1,422,500)	-	767,000
Share-based payments (Note 12(e))	-	-	5,939	-	-	5,940
Net loss and comprehensive loss	-	-	-	-	(2,754,788)	(2,754,788)
Balance, June 30, 2018	285,447,252	38,501,106	3,983,931	-	(29,350,658)	13,134,380
Net loss and comprehensive loss	-	-	-	-	(13,399,156)	(13,399,156)
Balance, December 31, 2018	285,447,252	38,501,106	3,983,931	-	(42,749,814)	(264,777)
Net loss and comprehensive loss	-	-	-	-	(508,985)	(508,985)
Balance, June 30, 2019	285,447,252	38,501,106	3,983,931	-	(43,258,799)	(773,762)

The accompanying notes are an integral part of these financial statements

1. Nature of Operations

The Company was incorporated on October 13, 1999 under the laws of British Columbia. The Company registered its operations in the Province of Manitoba under the operating name Winnipeg MX Gold. The head office and principal address of the Company is located at 1300 Redonda Street, Winnipeg, MB, R2C 3T7.

2. Statement of Compliance and Basis of Preparation

a) Statement of compliance

These condensed interim financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed interim financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

The comparative figures of the condensed interim financial statements are consolidated balances with the Company's former 100% owned subsidiary, FortyTwo Metals Inc.

These financial statements were approved and authorized for issue by the Board of Directors on September 18, 2019.

b) Going concern

These condensed interim financial statements have been prepared on a going concern basis which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

As at June 30, 2019 the Company had a working deficit of $929,198 and incurred a net loss $508,985 and used net cash in operating activities of $365,275 for the six months ended June 30, 2019.

The ability of the Company to carry out its business objectives is dependent on its ability to secure continued financial support from related parties, to obtain public equity financing, or to ultimately attain profitable operations in the future. Whether and when the Company can attain profitability and positive cash flows is uncertain. While the Company has been successful in securing financing in the past, there is no assurance that financing will be available in the future on terms acceptable to the Company.

These factors form a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not give effect to adjustments to the carrying value and classification of assets and liabilities and related expense that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption is not appropriate, material adjustments to the financial statements could be required.

c) Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

d) Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars which is the functional currency of the Company.

e) Use of estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amount of expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

3. Significant Accounting Policies, Estimates and Judgments

The accounting policies applied in the preparation of the condensed interim financial statements have been applied consistently with those followed in the preparation of the Company's December 31, 2018 audited financial statements, except for the adoption of new standards and interpretations as of January 1, 2019.

Significant assumptions about the future and key sources of estimation uncertainty that management has made at the financial position reporting date, 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

Critical accounting judgments

a) Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing its financial statements for the six months ended June 30, 2019. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Please refer to note 2(b) for additional information.

b) Asset acquisition

The assessment of whether an acquisition meets the definition of a business or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable assets and liability to be measured at its acquisition-date fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. If deemed to be an asset acquisition, acquisition considerations are allocated to assets acquired and liabilities assumed on a relative fair value basis and no goodwill is recognized.

c) Revenues from bitcoin mining

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly described as "cryptocurrency mining". As consideration for these services, the Company receives digital currency from each specific network in which it participates ("coins"). Revenue is measured based on the fair value of the coins received.

There is currently no specific definitive guidance in IFRS or alternative accounting frameworks for the accounting for the production and mining of digital currencies and management has exercised significant judgment in determining appropriate accounting treatment for the recognition of revenue for mining of digital currencies. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Significant accounting estimates

a) Impairment of long-lived assets

Determining the amount of impairment of long-lived assets requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use. Many of factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments in the Company' long-lived assets such as property and equipment.

b) Depreciation

Depreciation of property, plant and equipment begins when it is available for use, which is defined as occurring when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Significant assumptions are involved in the determination of useful lives and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

c) Current and deferred taxes

Accounting for income taxes is a complex process requiring management to interpret frequently changing laws and regulations and make judgments relating to the application of tax law, the estimated timing of temporary difference reversals, and the estimated realization of tax assets. All tax filings are subject to subsequent government audits and potential reassessment. These interpretations, judgments and changes related to them impact current and deferred tax provisions, deferred income tax assets and liabilities and results of operations.

d) Share-based payments

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(e) Valuation of digital assets

The Company holds bitcoins as its digital assets. Bitcoins are considered to be an identifiable non-monetary asset without physical substance and are treated as intangible assets not subjected to amortization, under the scope of IAS 38 Intangible Assets.

Digital Assets are measured at fair value using the quoted price. The Digital Assets are valued based on the closing price obtained from "blockchain.com" at the reporting period corresponding to the different Digital Assets mined by the Company. The Company is relying on the data available at "blockchain.com" to be an accurate representation of fair value.

4. Digital Currency Mining

During the six months ended June 30, 2019, the Company did not mine or hold Bitcoin and earned revenues totalling $Nil from mining services. During the year ended December 31, 2018, the Company commenced digital asset mining and earned revenues totalling $321,305 from 32 Bitcoins that were received for mining services. The Company had sold all Bitcoins for cash during 2018, and therefore held no Bitcoins at year end. As at December 31, 2018, the Company had ceased digital asset mining due to low Bitcoin market value which would generate losses from mining and the Company wrote-off its digital mining equipment as fully impaired. A total of $401,599 was expensed for the write-off of digital currency mining equipment in the December 31, 2018 consolidated financial statements, which is included in the impairment expense amount for property, plant and equipment.

5. Restricted Cash

As at June 30, 2019, the Company had restricted cash of $Nil (December 31, 2018: $345).

6. Reclamation Bonds

As at June 30, 2019, reclamation bonds totalling $Nil (December 31, 2018: $731,050) were held with the British Columbia Ministry of Energy, Mines and Petroleum Resources. As at June 30, 2019 the Company has recorded accrued interest receivable thereon in the amount of $Nil (December 31, 2018: $1,050). The balance as at December 31, 2018 was classified as assets held for sale (Note 7).

7. Assets Held for Sale

In the December 31, 2018 Financial Statements, the Company classified all mining claims, mineral properties, mining investments and equipment including the net assets of its former wholly owned subsidiary, FortyTwo Metals Inc. (the Subsidiary), as Assets Held for Sale given the Company's decision to explore cryptocurrency opportunities and fully divest its portfolio of natural resource mining assets. Assets held for sale are measured at the lower of cost and fair value less costs to sell.

The Company entered into two agreements dated January 11, 2019, namely the FortyTwo Metals Inc. Share Purchase Agreement and the Willa Property Purchase, Sale and Assignment Agreement ("the Agreements"), to sell its remaining mining assets. The sale was closed on March 6, 2019. Under the terms of the Agreements, the Company agreed to sell all of the outstanding shares of its wholly-owned subsidiary for aggregate consideration of $578,982 consisting of $53,982 to renew certain mineral claims of the MAX property owned by the subsidiary, $150,000 in cash and 5,000,000 common shares of the Purchaser (Cameo Cobalt Corp.) at a deemed issue price of $0.075 per share (estimated fair value at the closing date of $0.13 per share). The Purchaser agreed to grant a 50% net profit interest on gross cash income from the MAX property to the Company (less all expenses incurred to produce such income which is payable only once the Purchaser has recouped from net profits its capital investment in the MAX property and all pre-production costs) and the advanced stage Willa Property in British Columbia for a purchase price of $1 and assign certain legacy obligations associated with the Willa Property, including a net smelter royalty, advance royalty payments, and the requirement to retransfer the property back to the original optionors if the property is not in commercial production on or prior to September 28, 2020 with the underlying mineral claims in good standing for a period of not less than three years. The Purchaser also agreed to grant a 50% net profit interest on gross cash income from the Willa property to the Company (less all expenses incurred to produce such income which is payable only once the Purchaser has recouped from net profits its capital investment in the Willa property and all pre-production costs). The sale proceeds received in the Agreements equals the December 31, 2018 carrying value as described in Note 7(ii)(c).

As expressed in Canadian dollars

The Company sold various mining equipment in January 2019, which was previously recorded as Assets Held for Sale at December 31, 2018 at a carrying amount of $208,687.
A combined gain on sale of $32,143 is recorded in the Condensed Interim Statements of Loss and Comprehensive Loss related to the disposition of Assets Held for Sale.

	Grouping of Assets Held for Sale Net of Losses		Loss on Assets Held for Sale	
	June 30, 2019	December 31, 2018	Year ended June 30, 2019	Year ended December 31, 2018
(a) Investment in Mexican Projects	$ -	$ -	$ -	$(10,071,856)
(b) Midas Property	-	-	-	(1,543,792)
(c) Willa and other 42 Metals properties, reclamation bond, cash, receivables, and equipment	-	3,282,965	-	(2,212,000)
(d) Equipment	-	208,685	-	-
Total	-	$ 3,491,651	-	$(13,827,648)

(a) Investment in Mexican Projects

The Company invested a total of $10,218,117 in projects in Mexico as described in (i) and (ii) below. During 2018, the projects were written down to $Nil (2017 - $10,071,856) and a loss on assets held for sale of $10,071,856 was recorded (2017 - $146,261). At December 31, 2017, the recoverable amount for the Mexican assets held for sale was based on the letter of intent with a prospective purchaser. However, during 2018 a sale did not close pursuant to the letter of intent, and instead the assets were written down to $Nil for reasons described below.

On September 11, 2018, the Company received a Complaint dated September 9, 2018 that was filed in the United States District Court for the District of Nevada naming GracePoint Mining Corp., a Nevada corporation (“GracePoint”), as plaintiff, and the Company as one of the defendants. The Complaint alleged breach of contract and breach of the implied covenant of good faith and fair dealing and sought, among other things, general damages of US$12 million. The Complaint related to an Initial Purchase Agreement dated October 21, 2016, as amended, among the Company, Gracepoint, American Metal Mining, S.A. de C.V., a Mexican corporation (“AMM”), and Proyecto Magistral, S. de R.L. de C.V., a Mexican corporation (“Projecto Magistral”), whereby the Company agreed to pay US$2.5M to purchase a 50% participating ownership interest and a 45% net profit participating interest under a joint venture with respect to the Magistral Project located in Santa Maria Del Oro, Mexico (the “Project”). Both AMM and Projecto Magistral are affiliates of Gracepoint with Projecto Magistral the registered owner of the Project. The Company encountered cost overruns and financing difficulties with respect to the Project. These issues combined with the current Cease Trade Order imposed by the British Columbia Securities Commission and receipt of the Complaint resulted in the Company’s decision to enter into a mutual release dated November 24, 2018 (the “Release”) among the Company, Gracepoint, AMM and Proyecto Magistral. In addition to a mutual release of all claims, the Company agreed to relinquish its interest in the Project. The related assets previously classified as held for sale at December 31, 2017 were written-off to $Nil at December 31, 2018.

(i) On October 21, 2016, the Company had entered into an Initial Purchase Agreement (as amended on November 22, 2016 and December 20, 2016, collectively, the “IPA Agreement”) with GracePoint Mining Corp. (“GP”), American Metal Mining, S.A. de C.V. (“AMM”), and Proyecto Magistral, S. de R. L. de C.V. (the “Owner”) with respect to the Magistral Project (the “Project”) in Mexico. Pursuant to the terms of the IPA Agreement, the Company may earn a 50% participating ownership interest and a 45% net profit participating interest in the Project upon completing installment payments.

The Company has completed all installment payments required pursuant to the IPA Agreement and earned a 50% participating ownership interest and 45% net profit participating interest in the Project. As at December 31, 2017, the Company made a total of installment payments of $3,373,225 to GP and incurred $4,643,534 on the construction of the plant and transaction costs; thus recording a total of $8,016,759 as long term investment. This amount was classified as assets held for sale as at December 31, 2017 and written-down to $Nil at December 31, 2018 due to the Company’s decision to relinquish its rights to the project (see above).

(ii) On February 6, 2017, the Company signed a binding option agreement with American Metal Mining S.A. de C.V. (“AMM”), whereby, upon certain scheduled payments totalling US$1,525,000, the Company will acquire 50% of the shares of a private Mexican corporation that holds the IDS Project. The IDS Project consists of a past producing gold smelter, three acres of land situate around the smelter, and various equipment and permits associated therewith. The Company entered into an unsecured non-interest bearing loan agreement to borrow US$650,000, which has been fully repaid, from a lender and advanced the initial payment of US$650,000, and was granted a 49.5% net profit participating interest in the IDS Project that will remain until option exercise, provided that all payments are made by the Company in accordance with the option agreement. As at December 31, 2018, the Company had paid all required installments of $2,070,330 (US$1,525,000) and incurred $131,028 transaction costs. The Company had classified as assets held for sale and had written-down to $Nil due to the Company’s decision to relinquish its rights to the project (see above).

(b) Midas Property

On August 24, 2018, the Company closed the sale to an arm’s length purchaser 12 mineral claims that comprise the Midas Property (the “Claims”) in British Columbia for cash consideration of $40,000 and the purchaser’s assumption of a net smelter royalty on the Claims. The Company agreed to the sale terms due to the fact that the Claims were to expire shortly after the date of the agreement. The related assets classified as held for sale at December 31, 2017 were written-down to the recoverable amount of $40,000 at the time of sale.

(c) Willa Property and net assets of FourtyTwo Metals Inc.

On September 28, 2018, the Company announced that it had entered into a binding letter of intent dated September 21, 2018 (the “LOI” with an arm’s length private British Columbia corporation (the “Purchaser”). Under the terms of the LOI, the Company agreed to grant the Purchaser an exclusive 90 day period to finalize and enter into a definite agreement, whereby the Company agrees to sell all the shares in the capital of FortyTwo Metals Inc., and a 100% interest in the Willa Property consisting of 5,662 hectares located in the Slocan Mining Division, British Columbia, subject to a net smelter return (the “Willa Property”). In March 2019, the sale was closed. The net assets related to the subsidiary previously classified as held for sale at December 31, 2018 and sold in March 2019 were written-down to the estimated recoverable amount of $788,000 (including $150,000 in cash and $650,000 in estimated fair value of 5,000,000 shares of Purchaser less estimated costs to sell of $12,000), and the Willa Property was written-down to $Nil at December 31, 2018. At the time of sale, $788,000 was the recovered amount of the net of the $3,282,965 of assets and the $2,444,965 liabilities previously classified as held for sale which relates to this asset grouping.

As expressed in Canadian dollars

		June 30, 2019		December 31, 2018
Details of Assets and Liabilities Held for Sale				
Assets:				
Investment in Mexican projects	$	-	$	10,071,856
Equipment		-		2,233,822
Mining properties		-		4,490,535
Reclamation bond		-		322,886
Cash		-		5,256
Accounts receivable		-		26,257
Sale of Midas Property		-		(40,000)
Equipment transferred to assets held for sale		-		208,687
Loss on assets held for sale		-		(13,827,648)
Total assets held for sale	**$**	**-**	**$**	**3,491,651**
Liabilities:				
Asset retirement obligation		-		(1,322,454)
Accounts payable		-		(1,172,511)
Total liabilities held for sale	**$**	**-**	**$**	**(2,494,965)**

As expressed in Canadian dollars

8. Property, Plant and Equipment

Cost	Digital Currency Mining Equipment	Equipment & Vehicles	Total
	$	$	$
December 31, 2017	537,893	1,278,135	1,816,028
Disposals		(240,930)	(240,930)
June 30, 2018	537,893	1,037,205	1,575,098
Additions	43,004	-	43,004
Disposals	-	(55,026)	(55,026)
Impairment	(401,599)	(195,029)	(596,628)
Transfer to assets held for sale (Note 7)	-	(386,069)	(386,069)
December 31, 2018	179,298	401,081	580,379
June 30, 2019	179,298	401,081	580,379

Accumulated Depreciation	Digital Currency Mining Equipment	Equipment & Vehicles	Total
	$	$	$
December 31, 2017	-	287,102	287,102
Additions	112,060	77,460	189,520
Disposals	-	(43,155)	(43,155)
June 30, 2018	112,060	321,407	433,467
Additions	67,238	67,699	134,937
Disposals	-	(22,228)	(22,228)
Transfer to assets held for sale (Note 7)	-	(177,384)	(177,384)
December 31, 2018	179,298	189,494	368,792
Additions	-	34,205	34,205
June 30, 2019	179,298	223,699	402,997

Carrying Amount		Digital Currency Mining Equipment	Equipment & Vehicles	Total
	$	$	$	$
December 31, 2018		-	211,587	211,587
June 30, 2019		-	177,382	177,382

Total vehicle under finance lease was $177,002 as at June 30, 2019 (December 31, 2018: $202,288).

As expressed in Canadian dollars

9. Related Party Transactions

a) Related party transactions:

During the six months ended June 30, 2019, companies which are controlled by the Company's CEO, charged the following amounts to the Company for services provided and office, premises and equipment rent.

	June 30, 2019	**December 31, 2018**
	$	$
Fuel costs	-	5,722
Supplies	-	9,908
Equipment and equipment repairs	-	4,419
Equipment, office, and premises rent	-	339,369
	-	359,418

These transactions are in the normal course of operations and have been measured in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

b) Due to related parties

	June 30, 2019	**December 31, 2018**
	$	$
Due to the Company's directors and officers	31,932	31,932
Due to companies controlled by officers	469,177	606,487
	501,109	638,419

c) Key management compensation

Key management includes directors (executive and non-executive) and senior officers of the Company.

	June 30, 2019	**December 31, 2018**
	$	$
Salaries and benefits	-	60,000
Professional, management and consulting fees	60,000	211,168
Share based compensation	-	-
	60,000	271,168

10. Provisions

The Company raised capital through the issuance of flow-through shares in 2016, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend $600,000 of the flow-through funds raised on qualifying expenditures. The Company is exposed to costs for the indemnification of the shareholders, Part XII.6 tax liability and a liability to repay BC METC for ineligible expenditures.

As expressed in Canadian dollars

The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the, interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency ("CRA") and these amounts become known to the Company. The Company estimated the potential shareholder indemnification liability, Part XII.6 tax liability and BC METC liability at $499,252 at June 30, 2019 (December 31, 2018 - $499,252).

11. Lease Obligations

The Company leases certain assets under finance lease arrangements. The finance lease has imputed interest rates ranging from 5.14% to 5.54% per annum and expire between September 2020 and October 2020. Finance lease liabilities are payable as follows:

At June 30, 2019	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	$	$
Less than one year	70,891	3,207	67,684
Between one and five years	22,186	241	21,945
	93,077	3,448	89,629

At December 31, 2018	Future minimum lease payments	Interests	Present value of minimum lease payments
	$	$	$
Less than one year	70,892	5,018	65,874
Between one and five years	57,631	1,386	56,246
	128,523	6,404	122,120

12. Share Capital

Authorized: Unlimited number of common shares with no par value.

a) Issued and outstanding:

As at June 30, 2019, the Company had a total issued and outstanding common shares of 285,447,252 common shares (December 31, 2018: 285,447,252).

b) During the six months ended June 30, 2019 no transaction occurred

c) Transactions incurred during the year ended December 31, 2018

(i) On January 3, 2018, the Company completed a private placement of 29,193,334 units at $0.075 per unit for $2,189,500. Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to purchase one share at $0.15 for five years from the closing date. The Common Shares acquired by the subscribers are subject to a hold period of four months plus one day from the closing date. 8,893,334 units were issued to related parties to settle the amounts payable of $767,000 (Note 10).

(ii) On January 10, 2018, the British Columbia Securities Commission issued a Cease Trade Order against the Company (the "CTO") as a result of the Company not filing technical reports under National

Instrument 43-101 to support first time disclosure of the results of a preliminary economic assessment on its Max Molybdenum property and to support first time disclosure of mineral reserves on its Magistral property. As a result of the CTO, on January 11, 2018, the TSX Venture Exchange (the "Exchange") suspended the Company's common shares from trading on the Exchange.

d) Transactions incurred during the year ended December 31, 2017

(iii) On January 9, 2017, the Company completed a private placement of 20,800,000 units at $0.125 per unit for $2,600,000. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one share at $0.20 for three years from the closing date. The Company had $950,000 subscription received in advance prior to the December 31, 2017 year-end for this private placement.

(iv) On January 25, 2017, the Company issued 400,000 shares pursuant to the exercise of stock options at a price of $0.12 per share for net proceeds in the amount of $48,000. The value of options of $23,657 was reclassified from contributed surplus to the share capital.

(v) On January 26, 2017, pursuant to a consulting services agreement dated October 21, 2016, the Company issued 1,148,562 common shares to a consultant for the value of $199,541 as a finder's fee in connection with the Company's earn-in of a 50% participating ownership interest and 45% net profit participating interest in the Magistral Project in Mexico.

(vi) On February 1, 2017, the Company issued 500,000 common shares pursuant to the exercise of warrants at a price of $0.20 per share for net proceeds of $100,000.

(vii) On February 8, 2017, the Company issued 1,523,333 common shares pursuant to the exercise of warrants at a price of $0.20 per share for net proceeds of $304,667.

(viii) On February 21, 2017, the Company issued 499,333 common shares pursuant to the exercise of warrants at a price of $0.20 per share for net proceeds of $99,867.

(ix) On March 7, 2017, the Company issued 1,500,000 common shares pursuant to the acquisition of mineral claims at a value of $255,000 related to Willa Deposit.

(x) On May 5, 2017, the Company completed a private placement of 15,000,000 units at $0.13 per unit for $1,950,000. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant, entitling the holder to purchase one share at $0.20 for three years from the closing date. Also, pursuant to a consulting services agreement dated October 20, 2016, the Company issued 473,409 common shares to a consultant for the value of $103,432 as a finder's fee in connection with the Company's earn-in of a 50% participating ownership interest in the Durango Smelter Project in Mexico.

(xi) On June 13, 2017, pursuant to a consulting services agreement dated October 20, 2016, the Company issued 85,174 common shares to a consultant for the value of $12,987 as a finder's fee in connection with the Company's earn-in of a 50% participating ownership interest in the Durango Smelter Project in Mexico.

(xii) On June 26, 2017 pursuant to a consulting services agreement dated October 20, 2016, the Company issued the final tranche of 118,142 common shares to a consultant for the value of $14,177 as a finder's fee in connection with the Company's earn-in of a 50% participating ownership interest in the Durango Smelter Project in Mexico.

(xiii) On September 22, 2017, the Company issued 12,000,000 common shares at a value of $1,485,000 as part of the consideration for the acquisition of the Midas Gold Property.

As expressed in Canadian dollars

(xiv) On October 3, 2017, the Company completed a private placement of 40,000,000 units at $0.10 per unit for $4,000,000. Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to purchase one share at $0.20 for five years from the closing date. The Common Shares acquired by the subscribers are subject to a hold period of four months plus one day from the closing date.

e) Stock Options

The Company has a stock option plan whereby it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option granted under the Plan is determined at the discretion of the Board. Options granted under the Plan generally expire no later than the fifth anniversary of the date the options were granted and vesting provisions for issued options are determined at the discretion of the Board.

During the six months ended June 30, 2019, the Company did not grant any stock options in accordance with the stock option plan as described above.

A summary of stock option activities for the years is as follows:

	Number of options	**Weighted-Average Exercise Price**
Balance, December 31, 2017	17,651,999	0.15
Cancelled	(300,000)	0.15
Balance, June 30, 2018	17,351,999	0.15
Forfeited	(11,851,999)	0.15
Cancelled	(500,000)	0.21
Balance, December 31, 2018	5,000,000	0.15
Balance, June 30, 2019	5,000,000	0.15

As expressed in Canadian dollars

As at June 30, 2019, the Company has the following options outstanding and exercisable:

Outstanding as at June 30, 2019			Exercisable as at June 30, 2019		
Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
	$			$	
5,000,000	0.13	3.33	5,000,000	0.13	3.33

The weighted average fair value of options granted during the six months ended June 30, 2019 was $nil and the weighted average fair value of options granted during the year ended December 31, 2018 was $nil per option as estimated using the Black-Scholes option pricing model.

The following weighted average assumptions used in the Black-Scholes model to determine the fair value of the options granted were as follows:

	2019	2018
Risk-free interest rate	-	-
Dividend yield	-	-
Volatility	-	-
Expected life	-	-

For the six months ended June 30, 2019 the Company recorded a total of share-based compensation expense of $Nil (December 31, 2018: $5,939) in the condensed interim statement of loss and comprehensive loss.

f) Warrants

A summary of warrant activities for the years is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2017	142,205,320	0.23
Issued	29,193,334	0.15
Balance, June 30, 2018	171,398,654	0.22
Expired	(7,247,220)	0.21
Balance, December 31, 2018	164,151,434	0.22
Expired	(6,164,340)	0.15
Balance, June 30, 2019	157,987,094	0.22

As expressed in Canadian dollars

As at June 30, 2019, the warrants outstanding and exercisable were as follows:

Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (Years)	Expiry Date
3,000,000	0.15	1.27	October 5, 2020
8,020,000	0.20	1.45	December 11, 2020
30,910,667	0.20	0.98	June 22, 2020
5,160,000	0.75	0.12	August 12, 2019
30,600	0.75	0.12	August 12, 2019
5,708,824	0.50	0.17	August 31, 2019
73,669	0.50	0.17	August 31, 2019
90,000	0.40	0.23	September 21, 2019
20,800,000	0.20	0.53	January 9,2020
15,000,000	0.20	0.85	May 5, 2020
40,000,000	0.20	3.26	October 3, 2022
29,193,334	0.15	3.52	January 3, 2023
157,987,094	0.22	1.93	

13. Financial Instruments

The Company classifies its fair value measurements in accordance with the three level fair value hierarchies as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include cash and cash equivalents, restricted cash, marketable securities, reclamation bonds, accounts payable and due to related parties. The carrying amounts of cash and cash equivalents, restricted cash, marketable securities, reclamation bonds, accounts payable and due to related parties approximate their fair values because of the short-term nature of these instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	June 30, 2019	December 31, 2018
	$	$
Financial assets at FVTPL (i)	299,826	10,437
Other financial liabilities (ii)	756,793	994,800

(i) Cash and cash equivalents, restricted cash, marketable securities
(ii) Accounts payable and accrued liabilities, and due to related parties

As expressed in Canadian dollars

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

Cash and cash equivalents, Marketable securities, & Restricted cash	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	$	$	$
As at June 30, 2019	299,826	-	-	299,826
As at December 31, 2018	10,437	-	-	10,437

14. Financial Risk Management Objectives and Policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents, restricted cash, marketable securities and reclamation bonds are subject to credit risk for a maximum of the amounts shown on the statements of financial position. The Company limits its exposure to credit risk on cash and cash equivalents, marketable securities and reclamation bonds by depositing only with reputable financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. The ability to do this relies on the Company maintaining sufficient cash on hand through debt or equity financing.

Significant commitments in years subsequent to June 30, 2019 are as follows:

	Carrying value	**Contractual Cash flows**	**Within 1 year**	**1 - 5 Years**
	$	$	$	$
Accounts payable and accrued liabilities	255,684	255,684	255,684	-
Due to related parties	501,109	501,109	501,109	-
	756,793	756,793	756,793	-

c) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's credit facilities bear a fixed interest rate; therefore, is not exposed to significant interest risk.

15. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, and/or dispose of assets. To meet these objectives, the Company monitors its financial position on an ongoing basis.

The Company is dependent on the capital markets and debt as its source of operating capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects. There were no changes in the Company's approach to capital management during the year.

16. Legal Actions

In 2007, Gladiator Equipment Inc. ("Gladiator") took legal action against the Company, seeking rental and repair payments for a generator that was used on the Company's property for total amount of $34,272. The Company defended by making a statement that all required payments had been made and no liability was owing to Gladiator. The last legal step taken was an affidavit sworn in response to interrogatories delivered by Gladiator on May 20, 2009. No meaningful steps have been taken by both parties since then, leaving the litigation dormant. The Company believe the claim has no merit and no provision was recorded as at March 31, 2019 and December 31, 2018.

Finning International Inc. ("Finning") was claiming damages of $77,576 and accrued interest calculated in accordance with the agreed interest rate of 1.5% per month against the Company for failing to pay its parts and services account when due and owing. Judgment was granted in Finning's favour on March 1, 2013. The judgment amount of $77,567, plus pre-judgment interest in the amount of $16,933 and costs as Scale B were registered on title of the Company's properties on June 7, 2013. On August 30, 2017 the Company was advised by the bank for its wholly-owned subsidiary, FortyTwo Metals Inc. that the bank had received a Garnishing Order After Judgment against FortyTwo Metals Inc. with respect to the Finning International Inc. judgement. The bank subsequently forwarded a total of $585 under the Garnishing Order. As at December 31, 2017, there is a balance remaining on the judgment amount of $77,567 and interests in amount of $16,942 which has not been paid and has been recorded as accounts payable.

A Notice of Claim dated December 11, 2012 was filed by United Rentals of Canada Inc. ("United Rentals") against the Company and numerous other defendants in the Nelson Registry of the BC Supreme Court whereby United Rentals seeks $26,841 for equipment rentals and other relief. Judgment was granted in United Rental's favour on June 1, 2015. The judgment amount of $26,841, plus pre-judgment interest in the amount of 24% per year from October 15, 2011 to the date of judgement and costs in the amount of $3,526 were registered on title of the Company's properties on June 11, 2015. As at December 31, 2017, the judgment amount of $26,841 and interests and costs in amount of $52,543 has not been paid and has been recorded as accounts payable.

During the years ended June 30, 2019 and December 31, 2018, no new legal actions were commenced against the Company.

As expressed in Canadian dollars

17. Discontinued Operations

Losses and cash flows from discontinued operations are presented separately for comparative periods. As the operations and cash flows can be clearly distinguished from the rest of the Company, the components of net loss and cash flows have been presented separately as discontinued operations as below:

	June 30, 2019	December 31, 2018
	$	$
Depreciation of property plant and equipment	25,286	64,779
Insurance, office and miscellaneous	10,000	15,023
Professional, consulting fees and investor relations	-	10,964
Lease expenses	2,955	8,975
Mine expenses and project investigation	-	433,005
Interest on tax liabilities	-	7,719
Net loss from discontinued operations	(38,241)	(540,465)

	June 30, 2019	December 31, 2018
Cash flow from discontinued operations	$	$
Net cash inflows (outflows) from operating activities	(12,955)	(526,626)
Net cash inflows (outflows) from investing activities	1,025,500	-
Net cash inflows (outflows)	1,012,545	(526,626)