MX GOLD CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2019

General

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of MX Gold Corp. (the "**Company**"), is for the three-month and nine-month period ended September 30, 2019, and should be read in conjunction with the unaudited financial statements and notes for the three-month and nine-month period ended September 30, 2019, and the audited financial statements and notes for the fiscal years ended December 31, 2018 and 2017. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company can be found on the SEDAR website at www.sedar.com.

The Management Discussion and Analysis was approved by the board of directors (the "**Board**") of the Company November 29, 2019.

The Company's head office and principal address is MX Gold Corp., dba/ Winnipeg MX Gold, 1300 Redonda Street, Winnipeg, MB, R2C 3T7.

The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 34 – *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and Interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). They do not include all of the information required for full annual financial statements.

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars. The functional currency of the Company is Canadian dollar.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "progressing", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

In forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. For a complete list of the factors that could affect the Company, reference the financial statements and notes for the nine months ended September 30, 2019 and audited financial statements for the years ended December 31, 2018. Further risk factors are herein described in the "Risk and Uncertainties" section of this MD&A.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown risks, uncertainties and other factors, many of which are beyond the Company's ability to predict or control could cause actual results to differ materially from those contained in the forward-looking statements. Such risks include, but are not limited to, digital asset price volatility, changes in debt and equity markets, interest rate and exchange rate fluctuations, general economic conditions and other risks involved in the cryptocurrency mining industry, the ability of the Company to receive continued financial support from related parties and to obtain public equity financing, the ability to generate profitable operations in the future, and the receipt of regulatory approvals on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Except as required by law, the Company disclaims any obligation to update any forward-looking information, estimates or opinions, future events or results or otherwise.

Company

The Company was incorporated on October 13, 1999 under the laws of British Columbia. The Company has 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.

The Company's common shares were approved for listing on the TSX Venture Exchange (the "**Exchange**") and commenced trading on October 30, 2009.

The Company was primarily focused on junior natural resource exploration and mining however, during the fourth quarter of the year ended December 31, 2017, the Company began discussing a change in direction for the Company from mining to cryptocurrency. The Board approved the purchase of a suite of crypto-mining equipment in October 2017 and executed the purchase of bitcoin mining machines in December 2017. During this time, the Company began to explore opportunities to divest its entire mining portfolio in order to focus on the cryptocurrency line of business.

During the year ended December 31, 2018, the Company's main emphasis was on internally developing its pilot cryptocurrency mining operations. The Company then focused on providing investors with exposure to bitcoin through utilizing digital asset mining units to generate a portfolio of cryptocurrency.

Overview

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 Exchange suspended the Company's common shares from trading.

As a result of a focus on executing its strategic plan, the Company continued to be successful in divesting of its natural resource properties within Canada and Mexico. This will assist in enabling the Company to lift the CTO and obtain financing to further its cryptocurrency pilot project. Details surrounding the transactions are listed below:

On May 11, 2018, the Company announced that it had entered into a definitive agreement dated May 9, 2018 (the "**Magistral Agreement**") whereby, subject to the closing thereof, the Company had agreed to sell its 50% beneficial interest in the Mexican Magistral Project (the "**Magistral Project**") for a purchase price of US$4.5 million. The Magistral Agreement was in addition to four additional agreements entered into as announced by the Company on April 9, 2018 namely the Reimbursement Agreement related to the Magistral Agreement, the FortyTwo Metals Share Purchase Agreement, the Midas Property Purchase and Sale Agreement, and the Willa Property Purchase, Sale and Assignment Agreement. These five agreements collectively proposed to sell the Company's entire mining portfolio in an arm's length transaction to a private company for the aggregate purchase price of approximately CDN$14,952,000.

On July 10, 2018, the Company announced that the Magistral Agreement dated May 9, 2018 had been terminated as the buyer was unable to fund the purchase price prior to the deadline stipulated in the definitive agreement. In connection with the termination of the Magistral Agreement, the Company also announced the expiration of the Reimbursement Agreement dated April 5, 2018, the FortyTwo Metals Share Purchase Agreement dated April 5, 2018, the Midas Property Purchase and Sale Agreement dated April 5, 2018, and the Willa Property Purchase, Sale and Assignment Agreement dated April 5, 2018 as each of these agreements were subject to the closing of the Magistral Agreement, each agreement expired according to its respective terms with no further obligations on either party.

On August 24, 2018, the Company announced that it had 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.

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. Both AMM and Projecto Magistral are affiliates of Gracepoint with Projecto Magistral the registered owner of the Magistral Project. The Company encountered cost overruns and financing difficulties with respect to the Magistral 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 Magistral Project. The related assets previously classified as held for sale at December 31, 2017 were written-off to $Nil at December 31, 2018.

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 agreed 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, 2017 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. The $788,000 is the recoverable amount of the net of the $3,491,651 of assets held for sale and the $2,494,965 liabilities held for sale which relates to this asset grouping.

Outlook

In order to position itself for growth in the cryptocurrency market, the Company's priority is to remove the CTO. The Company was successful in its resource property divestiture which was the primary reason for the CTO and now awaits the Exchange to review its application for removal. The Company's future strategy of mining and holding bitcoin while trying to trade at strategic pricing to cover operating expenses 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.

Selected Annual Information

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	$	$	$
Loss before income tax	16,153,944	11,428,581	5,147,790
Net loss and comprehensive loss	16,153,944	11,428,581	5,147,790
Total assets	3,846,360	19,237,191	18,182,302
Total long-term financial liabilities	(56,246)	(144,074)	(1,978,344)
Loss per share	(0.06	(0.05)	(0.04)

Operating Results

Amounts by major sub-category are as follows:

	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	Nine months ended September 30 2018
	$	$	$	$
Income				
Digital asset mined (Note 4)	-	60,266	-	338,216
General and Administrative Expenses				
Professional, management and consulting fees (Note 10)	141,018	69,785	246,050	535,174
Salaries and benefits	-	-	-	74,828
Insurance, office and miscellaneous	1,523	81,742	45,142	427,758
Investor relations and public company costs	2,000	32,927	8,191	101,458
Lease expenses	-	4,453	-	13,358
Finance costs	4,860	4,788	5,985	18,787
Share-based payments (Note 13)	-	-	-	5,940
Depreciation of property plant and equipment (Note 9)	-	37,923	9,147	159,399
	(149,628)	(231,618)	(314,515)	(1,336,702)
	(149.628)	(171,352)	(314,515)	(998,486)
Other (Expense) Income				
Revaluation of digital asset (Note 4)	-	(1,898)	-	(22,567)
Gain from disposal of property, plant, and equipment	5,641	-	5,641	(1,673)
Loss on sale of marketable securities (Note 6)	(86,110)	-	(86,110)	-
Revaluation loss on marketable securities (Note 6)	(81,640)	-	(419,640)	-
Gain (Loss) on assets held for sale (Note 8)	-	(10,254,117)	32,143	(11,970,077)
	(162,109)	(10,256,015)	(467,967)	(11,994,317)
Net loss and comprehensive loss from continuing operations	(311,737)	(10,427,367)	(834,510)	(13,256,807)
Discontinued Operations				
Net loss and comprehensive loss from discontinued operations (Note 18)	(13,788)	(74,652)	(52,029)	(264,004)
Net loss and comprehensive loss	(325,525)	(10,502,019)	(834,510)	(13,256,807)
Basic and diluted loss per share	(0.01)	(0.04)	(0.01)	(0.05)
Weighted average number of shares (basic and diluted)	285,447,252	285,447,252	285,447,252	285,447,252

Results from Operations for the three and nine months ended September 30, 2019

During the three months ended September 30, 2019 and 2018 the loss before tax was $325,525 (2018: $10,502,019) with the loss on the current year being attribute to the Company's loss on sale and revaluation loss on marketable securities of $167,750 (2018: $Nil). The reason for the difference year over year is primarily associated with the loss on assets held for sale of $Nil at September 30, 2019 compared with $10,254,117 in September 30, 2018.

Total assets for the three months ended September 30, 2019 was $201,178 (2018: $6,642,685) with the difference attributable to the Company's executing its strategy to divest of all mineral resource properties previously classified as assets held for sale amounting to $5,348,705 as at September 30, 2018.

Long-term financing liabilities at September 30, 2019 is $Nil (September 30, 2018: $73,050). During the three month period ended September 30, 2019 the Company sold property, plant, and equipment of which there was financing leases attributable. The sale was made to settle outstanding debts with a related party resulting in the Company clearing any financial liabilities attributable to the equipment.

During the nine months ended September 30, 2019, the Company had a net loss from continuing operations of $834,510 compared with a loss from continuing operations of $13,256,807 for the nine months ended September 30, 2018. The reason for the difference year over year is primarily associated with the gain (loss) on assets held for sale of $32,143 at September 30, 2019 compared with a loss of $11,970,077 in September 30, 2018

The major expenditures recorded for continuing operations during the nine months ended September 30, 2019 were incurred for the following:

Professional, management and consulting fees of $246,050 (2018: $535,174), of which $128,250 was paid or accrued for audit and related services fees, $27,800 for legal services, and $90,000 was accrued to the Company's CEO. The decrease in professional, management and consulting fees from September 30, 2018 is attributed to the divestiture of the Company's resource properties.

The Company incurred $45,142 (2018: $427,758) for insurance, office and premises rent and miscellaneous expenses. The expense is primarily associated with directors and officer's liability insurance. Investor relations and public company costs were $8,191 (2018: $101,458). The decrease is associated with the operational shut down of the Company's pilot cryptocurrency project which was due to the obsolete mining equipment and the decrease in the price of Bitcoins.

During the nine months ended September 30, 2019 the Company incurred a loss on the sale of marketable securities and revaluation loss on the sale of marketable securities for a combined 505,750 (2018: $Nil). During the months ended September 30, 2019 the Company sold shares to settle outstanding debts resulting in the loss on sale of $86,110. The revaluation loss of $81,640 was associated with the different in book costs and fair market values of the securities as at September 30, 2019. This is a non-cash expense.

The Company incurred a gain (loss) on assets held for sale of $32,143 for the nine months ended September 30, 2019 (2018: 11,970,077). The gain in the current year is associated with the disposal of equipment previously used at the Company's resource sites. The annual change is associated with the Company closing the sale of its resource properties as discussed in the Company's overview above.

Private placements

During the nine-month period ended September 30, 2019, there were no private placements given the Company had been issued the CTO.

On January 3, 2018, the Company completed a private placement of 29,193,334 units (each, a "**Unit**") at $0.075 per Unit for gross aggregate proceeds of $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. In connection with the January 3, 2018 private placement, 8,893,334 Units were issued to related parties to settle the amounts payable of $767,000 (Note 10). The Company used the proceeds for general working capital as well as towards its previously held Magistral Project in Mexico.

Summary of Quarterly Results

The following table sets out selected quarterly information for the eight most recent quarters ended September 30, 2019:

Quarters ended in 2019 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Revenue		-	-	-
Loss		(325,525)	(401,911)	(107,074)
Loss per common share		(0.01)	(0.01)	(0.01)
Quarters ended in 2018 fiscal year	**December 31 $**	**September 30 $**	**June 30 $**	**March 31 $**
Revenue	-	-	-	-
Loss	(2,897,137)	(10,502,019)	(2,122,503)	(632,285)
Loss per common share	(0.01)	(0.04)	(0.01)	(0.01)
Quarters ended in 2017 fiscal year	**December 31 $**			
Revenue	-			
Loss	(9,012,550)			
Loss per common share	(0.04)			

During the nine month's ended September 30, 2019, the Company has experienced as loss of $834,510, a decline from the nine months ended September 30, 2018 of $13,256,807.

The primary change over the period is associated with the loss on assets held for sale in Q3-2018 of $10,254,117. As previously disclosed, the Company was actively marketing the Willa Property and net assets of Forty-two Metals Inc and had entered into a binding letter of intent at the time. Given this, the net assets were classified as held for sale.

Additionally, general and administrative expenses were $231,618 for the nine months ended September 30, 2019 as opposed to $1,336,702 in September 30, 2018. Given the Company divested of its resource properties, the Company experienced declines in all general and administrative expense categories as presented in the Statement of Loss and Comprehensive loss.

The Company's new primary industry, cryptocurrency mining, does not have seasonality. The Company's operations are solely based out of Manitoba, Canada.

Fourth Quarter

The Company was primarily focused on junior natural resource exploration and mining however, during the fourth quarter of the year ended December 31, 2017, the Company began discussing a change in direction for the Company from mining to cryptocurrency. The Board approved the purchase of a suite of crypto-mining equipment in October 2017 and executed the purchase of bitcoin mining machines in December 2017. During this time, the Company began to explore opportunities to divest its entire mining portfolio in order to focus on the cryptocurrency line of business.

During the year ended December 31, 2018, the Company’s main emphasis was on internally developing its pilot cryptocurrency mining operations. The Company then focused on providing investors with exposure to bitcoin through utilizing digital asset mining units to generate a portfolio of cryptocurrency.

Basis of presentation and going concern

Going concern

The 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 near future.

As at September 30, 2019, the Company had working capital deficit of $1,099,439 (December 31, 2018: $420,118 and an accumulated deficit of $43,584,324 (December 31, 2018: $42,749,814) since inception, and used net cash in operating activities of $470,251 (2018: $2,565,436).

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.

Accordingly, there is 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.

Significant Accounting Policies

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 and the addition of policies surrounding marketable securities.

Significant Accounting Estimates and Judgments

The preparation of the 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 income and 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. Significant accounting estimates and 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:

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 nine months ended September 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.

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 the 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.

Depreciation

Depreciation of property 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.

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.

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.

New Accounting Standards Issued but Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and periods thereafter. The Company does not expect a significant financial statement impact upon adoption.

Lease obligations

The Company leased certain assets under finance lease arrangements. The finance lease had imputed interest rates ranging from 5.14% to 5.54% per annum and expired between September 2020 and October 2020. During the nine-month period ended September 30, 2019, the lease obligations were settled upon disposal of the related equipment:

At September 30, 2019	Future minimum lease payments	Interest	Present value of minimum lease payments
	$	$	$
Less than one year	-	-	-
Between one and five years	-	-	-
	-	-	-

Liabilities and income tax effect on flow-through shares

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds, less the qualified expenditures made to date, represent the funds received from flow-through share issuances that have not been spent.

The Company raised capital through the issuance of flow-through shares in 2015 and 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.

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 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 September 30, 2019 (2018 - $499,252).

Property, Plant and Equipment

Cost	Digital Currency Mining Equipment	Equipment & Vehicles	Total
	$	$	$
December 31, 2017	537,893	1,278,135	1,816,028
Disposals		(295,956)	(295,956)
September 30, 2018	537,893	982,179	1,520,072
Additions	43,004	-	43,004
Disposals	-	-	-
Impairment	(401,599)	(195,029)	(596,628)
Transfer to assets held for sale	-	(386,069)	(386,069)
December 31, 2018	179,298	401,081	580,379
Disposals		(354,005)	(354,005)
September 30, 2019	179,298	47,076	226,374

Accumulated Depreciation	Digital Currency Mining Equipment	Equipment & Vehicles	Total
	$	$	$
December 31, 2017	-	287,102	287,102
Additions	179,298	112,663	291,961
Disposals	-	(65,383)	(65,383)
September 30, 2018	179,298	334,382	513,680
Additions	-	32,496	32,496
Transfer to assets held for sale	-	(177,384)	(177,384)
December 31, 2018	179,298	189,494	368,792
Additions	-	47,075	47,075
Disposals	-	(189,645)	(189,645)
September 30, 2019	179,298	46,924	226,222

Carrying Amount	Digital Currency Mining Equipment	Equipment & Vehicles	Total
$	$	$	$
December 31, 2018	-	211,587	211,587
September 30, 2019	-	152	152

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

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements, other than previously disclosed, that has, or is reasonably likely to have, an impact on the current or future results of operations or the financial condition of our Company.

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:

	September 30, 2019	December 31, 2018
	$	$
Financial assets at FVTPL (i)	107,471	10,437
Other financial liabilities (ii)	801,213	994,800

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

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 September 30, 2019	107,471	-	-	299,826
As at December 31, 2018	10,437	-	-	10,437

Financial Risk Management and 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.

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, reclamation bonds, and marketable securities 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 and reclamation bonds by depositing only with reputable financial institutions.

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 September 30, 2019 are as follows:

	Carrying value	Contractual Cash flows	Within 1 year	1 - 5 Years
	$	$	$	$
Accounts payable and accrued liabilities	444,776	444,776	444,776	-
Due to related parties	356,437	356,437	356,437	-
	801,213	801,213	801,213	-

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.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and 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 by the status of the Company's projects in relation to these markets, and 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.

Outstanding Share Data

(a) Authorized: Unlimited number of Common Shares with no par value

(b) Issued and outstanding:

	Number of Shares
Balance, December 31, 2017	256,253,918
Shares issued for cash pursuant to non-brokered private placement	29,193,334
Balance, September 30, 2019	285,447,252

As at the date of the MD&A, the Company has 285,447,252 common shares issued and outstanding.

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.

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	(800,000)	0.25
Balance, September 30, 2018	16,851,999	0.14
Forfeited	(11,851,999)	0.15
Balance, December 31, 2018	5,000,000	0.15
Balance, September 30, 2019	5,000,000	0.15

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

Outstanding as at September 30, 2019			**Exercisable as at September 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

As at the date of the MD&A, the Company has 5,000,000 stock options outstanding and 5,000,000 stock options exercisable.

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
Expired	(3,147,220)	0.15
Balance, September 30, 2018	168,251,434	0.21
Expired	(4,100,000)	0.15
Balance, December 31, 2018	164,151,434	0.22
Expired	(17,227,433)	0.45
Balance, September 30, 2019	146,924,001	0.19

As at September 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	1.02	October 5, 2020
8,020,000	0.20	1.20	December 11, 2020
30,910,667	0.20	0.73	June 22, 2020
20,800,000	0.20	0.28	January 9,2020
15,000,000	0.20	0.60	May 5, 2020
40,000,000	0.20	3.01	October 3, 2022
29,193,334	0.15	3.26	January 3, 2023
146,924,001	0.19	1.81	

As at the date of the MD&A, there are 146,924,001 warrants outstanding and exercisable.

Related Party Transactions

Related party transactions

During the nine months ended September 30, 2019, companies controlled by the Company's CEO, charged the following amounts to the Company for services provided, offices and premises, and equipment rental.

	September 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

During the nine-month period ended September 30, 2019, the Company disposed of assets with a carrying value of 373,045 for proceeds of 407,500 to companies controlled by the Company's CEO.

These transactions were 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.

Due to related parties

	September 30 2019	December 31, 2018
	$	$
Due to the Company's directors and officers	-	31,932
Due to companies controlled by the CEO	356,437	606,487
	356,437	638,419

Key management compensation

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

	September 30, 2019	December 31, 2018
	$	$
Salaries and benefits	-	60,000
Management fees	90,000	211,168
	90,000	271,168

The management fees are accrued to the Company's CEO pursuant to the management agreement dated the 9th of July 2015. 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.

Liquidity and Capital Resources

The Company has financed its operations primarily from proceeds from the sale of shares.

As at September 30, 2019, the Company had working capital deficit of $1,099,439 (December 31, 2018: $420,118).

Cash provided by the issuance of units pursuant to a non-brokered private placement, exercise of warrants, agent's warrants and stock options for new common shares during the nine months ended September 30, 2019 was $Nil and December 31, 2018 was $Nil.

The Company may issue more securities at such time as it believes additional capital could be obtained on favorable terms. There can be no assurance that such funds can be available on favorable terms, if at all.

Legal Action

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 June 30, 2018.

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 June 30, 2018, 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 nine months ended September 30, 2018, no new legal actions were commenced against the Company.

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 (together, 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).

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**	
	September 30, 2019	December 31, 2018	Nine Months ended September 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 FortyTwo 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, 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, AMM, and Proyecto 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. Both AMM and Projecto Magistral are affiliates of Gracepoint with Projecto Magistral the registered owner of the Magistral Project. The Company encountered cost overruns and financing difficulties with respect to the Magistral 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 the Release with each of Gracepoint, AMM and Proyecto Magistral. In addition to a mutual release of all claims, the Company agreed to relinquish its interest in the Magistral 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, AMM, and Proyecto Magistral with respect to the Magistral 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 Magistral 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 Magistral Project. As at December 31, 2017, the Company made a total of installment payments of $3,373,225 to GracePoint 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 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 FortyTwo Metals Inc.

On September 28, 2018, the Company announced that it had entered into the LOI with 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 agreed to sell all the shares in the capital of FortyTwo Metals Inc., and a 100% interest in 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.

		September 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)**

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:

	September 30, 2019	December 31, 2018
	$	$
Depreciation of property plant and equipment	37,929	64,779
Insurance, office and miscellaneous	10,000	15,023
Professional, consulting fees and investor relations	-	10,964
Lease expenses	4,100	8,975
Mine expenses and project investigation	-	433,005
Interest on tax liabilities	-	7,719
Net loss from discontinued operations	(52,029)	(540,465)

	September 30, 2019	December 31, 2018
Cash flow from discontinued operations	$	$
Net cash inflows (outflows) from operating activities	(14,100)	(526,626)
Net cash inflows (outflows) from investing activities	1,025,500	-
Net cash inflows (outflows)	1,011,400	(526,626)

Financing Risks

The Company has limited financial resources and there is no assurance that additional funding will be available to it for development of its projects or to fulfil its strategic objectives. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's cryptocurrency strategic objectives. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of cryptocurrency mining operations and general market volatility for Bitcoin. There is no assurance that the Company can operate profitably or that it will successfully implement its plans. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Business risk and uncertainties

Cryptocurrency and development is a speculative business and involves a high degree of risk. These factors include market fluctuations, the proximity and capacity input power and processing equipment, and government regulations. Bitcoin, the primary cryptocurrency focus of the Company, is currently unregulated by the central banks and government. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Company. The Company's functional currency is the Canadian dollar and most purchases are transacted in Canadian dollars. The Company has also transacted in US Dollars to purchase mining equipment. Management currently does not hedge its foreign exchange risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector, or counterparty type. Currently, the Company has its investment in only one digital asset, Bitcoin.

Price Volatility Risk

The Company is at risk due to a wide fluctuation in the price of bitcoin and the speculative nature of the underlying asset. Downward pricing of bitcoin may adversely affect the value of the Company's bitcoin inventory and furthermore its profitability.

Digital Assets and Risk Management

Digital assets are measured at fair value under IFRS 9.

Digital asset prices are affected by various forces and the profitability of the Company is directly related to the current and future market price of bitcoin. A decline in the market price for bitcoin could negatively impact the Company's future operations. Bitcoin's fair value historically has been volatile and any historical performance of bitcoin is not indicative of its future price performance.