

**Consolidated Financial Statements**



**Three Months ended March 31, 2018**

(Expressed in Canadian dollars)

(Unaudited)

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the 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 consolidated financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**MINEWORX TECHNOLOGIES LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Notes	March 31, 2018	December 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	\$ 2,286,798	\$ 583,396
Receivables	4	34,805	31,955
Securities held for sale	7, 17	1,499,446	1,230,314
Due from related parties	14	610,368	429,194
Prepaid expenses and deposits		274,176	264,154
<b>Total current assets</b>		<b>4,705,592</b>	<b>2,539,013</b>
<b>Non-current assets</b>			
Restricted cash	5	330,731	295,650
Note receivable	7	1,227,465	1,354,928
Equity investment in joint venture	18	73,536	64,265
Exploration and evaluation assets	5	869,480	860,940
Equipment	6	1,753,225	1,853,907
Intangible assets	8	1,963,975	2,034,846
<b>Total non-current assets</b>		<b>6,218,412</b>	<b>6,464,536</b>
<b>TOTAL ASSETS</b>		<b>\$ 10,924,004</b>	<b>\$ 9,003,549</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9	\$ 74,725	\$ 170,998
Advances		3,538	8,400
<b>TOTAL LIABILITIES</b>		<b>78,263</b>	<b>179,398</b>
<b>EQUITY</b>			
Share capital	11	39,773,587	37,112,741
Reserves	12	7,417,505	7,621,431
Deficit		(36,345,351)	(35,910,021)
<b>TOTAL EQUITY</b>		<b>10,845,741</b>	<b>8,824,151</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 10,924,004</b>	<b>\$ 9,003,549</b>

Nature and continuance of operations (Note 1)

Subsequent event (Note 21)

On behalf of the Board:

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“Rick Purdy” Director      “Greg Pendura” Director

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

**MINEWORX TECHNOLOGIES LTD.****CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian dollars)

	Notes	Year Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Expenses</b>			
Consulting fees		\$ 26,446	\$ 588
Investor relations		91,133	10,864
Interest costs		417	-
Management and employee costs	14	120,352	163,528
Office and general		38,763	65,013
Professional fees		20,482	57,850
Project costs		3,183	36,492
Share-based payments	12	82,510	-
Transfer agent and filing fees		16,940	5,432
Travel		28,979	11,031
		432,205	350,767
<b>Loss before other items</b>		(432,205)	(350,767)
<b>Other items</b>			
Interest and other income		21,331	1,656
Amortization	6	(176,793)	(179,929)
Minority interest		(134,966)	-
Foreign exchange gain (loss)		18,172	828
Gain on securities held for sale	17	269,131	300,000
Gain on spin-out of technology	7	-	7,959,338
<b>Income (loss) and comprehensive income (loss) for the year</b>		(435,330)	7,731,172
<b>Basic income (loss) per common share</b>	13	\$ 0.00	\$ 0.03
<b>Diluted income (loss) per common share</b>	13	\$ 0.00	\$ 0.02
<b>Weighted average number of common shares outstanding</b>		292,405,080	273,039,237

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

**MINEWORX TECHNOLOGIES LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Share Capital Number of Shares	Amount	Reserves	Deficit	Total
<b>Balance at December 31, 2016</b>	271,795,080	\$ 36,257,533	\$ 7,551,523	\$ (35,841,377)	\$ 7,967,679
Return of capital dividend (note 7)	-	-	-	(6,499,954)	(6,499,954)
Stock option exercised	2,030,000	269,792	(118,762)	-	151,000
Exercise of warrants at \$0.10	2,950,000	295,000	-	-	295,000
Comprehensive income for the period	-	-	-	7,731,126	7,731,126
<b>Balance at March 31, 2017</b>	276,775,080	\$ 36,822,325	\$ 7,432,731	\$ (34,610,205)	\$ 9,644,851
Stock option exercised	1,300,000	212,916	(93,447)	-	119,499
Share-based payments	-	-	282,117	-	282,117
Exercise of warrants at \$0.10	775,000	77,500	-	-	77,500
Comprehensive loss for the period	-	-	-	(1,299,816)	(1,299,816)
<b>Balance at December 31, 2017</b>	278,850,080	\$ 37,112,741	\$ 7,621,431	\$ (35,910,021)	\$ 8,824,151
Stock option exercised	3,500,000	665,346	(286,436)	-	378,910
Share-based payments	-	-	82,510	-	82,510
Exercise of warrants at \$0.10	11,725,000	1,172,500	-	-	1,172,500
Exercise of warrants at \$0.15	5,400,000	810,000	-	-	810,000
Exercise of warrants at \$0.26	50,000	13,000	-	-	13,000
Comprehensive loss for the period	-	-	-	(435,330)	(435,330)
<b>Balance at March 31, 2018</b>	299,525,080	\$ 39,773,587	\$ 7,417,505	\$ (36,345,351)	\$ 10,845,741

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

**MINEWORX TECHNOLOGIES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Three Months ended March 31, 2018	Three Months ended March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Gain (loss) for the period	\$ (435,330)	\$ 7,731,126
Items not affecting cash:		
Share-based payments	82,510	-
(Gain) loss on securities held for sale	(269,131)	(300,000)
(Gain) loss on assets	-	6,213
(Gain) loss on spinout of technology	-	(7,965,551)
Minority interest	134,966	-
Accrued interest	-	-
Amortization and depreciation	176,793	179,929
Changes in non-cash working capital items:		
Receivables	(2,850)	7,962
Due from related parties	(181,174)	21,841
Prepays	(10,022)	4,216
Advances	(4,862)	-
Accounts payable and accrued liabilities	(96,273)	(138,140)
	<b>(605,373)</b>	<b>(452,404)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on exploration and evaluation assets	(8,540)	(21,316)
Proceeds from sale of assets	-	8,500
Restricted cash (deposited) released	(35,081)	(202,486)
Investment in joint venture	(144,237)	-
Equipment expenditures	(5,240)	(31,400)
	<b>(193,098)</b>	<b>(246,702)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan Repayments	-	(50,000)
Repayment of notes receivable	127,463	-
Proceeds from sale of securities	-	-
Exercise of options	378,910	151,000
Exercise of warrants	1,995,500	295,000
	<b>2,501,873</b>	<b>396,000</b>
<b>Change in cash for the period</b>	<b>1,703,402</b>	<b>(303,106)</b>
<b>Cash, beginning of the period</b>	<b>583,396</b>	<b>1,039,267</b>
<b>Cash, end of the period</b>	<b>\$ 2,286,798</b>	<b>\$ 736,161</b>

**Supplemental disclosure with respect to cash flows (Note 19)**

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

## **MINEWORX TECHNOLOGIES LTD.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the Three Months ended March 31, 2018

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#### **1. Nature and continuance of operations**

Mineworx Technologies Ltd. (the “Company”) was incorporated under the laws of the Province of Alberta, Canada. On June 6, 2017, the Company changed its name from Iberian Minerals Ltd. to Mineworx Technologies Ltd. (“Mineworx”). Its’ shares are listed for trading on the TSX Venture Exchange where its common shares trade under the symbol “MWX”, the Company additionally trades in the United States on the OTCQB venture marketplace under the symbol “MWXRF” and on the Frankfurt Stock Exchange under the symbol “YRS”. The Company is involved in the exploration and development of mineral resource properties and does not currently have a recurring revenue stream. The registered head office and principal address and records office of the Company are located at #114 8331 Eastlake Drive, Burnaby BC, V5A 4W2.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising of exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis.

On December 21, 2015, the Company diversified its operations by acquiring Mineworx Technologies Inc., a company with a patent pending mining extraction process and a patent pending mineral grinding mill. In June 2017, the Company amalgamated Mineworx Technologies Inc. and Mineworx Technologies Ltd. (the former Mineworx Technologies Ltd.) and continued operations under the Mineworx Technologies Ltd. name. The Company has not yet had any sales from the Mineworx products.

Effective March 21, 2017, the Company spun-out leaching technology it had acquired the rights to and tested in 2016. The technology was spun-out to Enviroleach Technologies Inc, (“Enviroleach”) a company with common management. Later in the year the two companies formed a joint venture unite the two processes in an economic venture.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has never had any revenue from operations and its accumulated deficit as at December 31, 2017 is \$35,910,021) These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The consolidated financial statements were authorized for issue on May 29, 2018 by the Board of Directors of the Company.

#### **2. Significant accounting policies**

##### ***Basis of presentation***

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board effective as of March 31, 2018.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## **MINEWORX TECHNOLOGIES LTD.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the Three Months ended March 31, 2018

## **2. Significant accounting policies (cont'd)**

### ***Basis of presentation- (cont'd)***

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to, directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiary is fully consolidated from the date on which control is transferred to the Company. It is deconsolidated from the date on which control ceases.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. The consolidated financial statements included the accounts of the Company and the following subsidiaries:

	Country of Incorporation	Percentage of ownership as at Mar 31 2018	Percentage of ownership as at Dec 31 2017
Mineworx Technologies USA Inc.	USA	100%	100%
Solid Mines España, S.A.U. ("SME")	Spain	100%	100%
The following companies are owned by SME			
Magnetitas del Cehégín, S.L., ("MDC")	Spain	100%	100%
Cehégín Iron Ore Holdings, S.L. ("CIOH"),	Spain	100%	100%
Compañía Minera Sierra de Caurío, S.L ("Caurío")	Spain	100%	100%

### ***Significant accounting judgments, estimates and assumptions***

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant estimates used in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:

- a) The recoverability of the carrying value of exploration and evaluation assets.

The Company is required to review the carrying value of its evaluation and exploration assets for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds the estimated fair value is charged to the statement of loss and comprehensive loss.

Evaluating the recoverability during the exploration and evaluation phase requires judgements in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluation may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities and the impact of the current and expected future metal process to potential reserves.



## **MINEWORX TECHNOLOGIES LTD.**

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Three Months ended March 31, 2018

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#### **2. Significant accounting policies (cont'd)**

##### *Significant accounting judgments, estimates and assumptions- cont'd*

- b) The inputs used in the Black Scholes valuation model (volatility; interest rate; expected life and dividend yield) and forfeiture rates in accounting for share based payment transactions.

Estimating the fair value of granted stock options, warrants issued for finders' fees and the warrant liability required determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. The estimate of share based compensation also requires determining the most appropriate inputs to the valuation model including the dividend yield, and estimating the forfeiture rate for options with vesting conditions.

- c) Determination that there no material restoration, rehabilitation and environmental exposure exists based on the facts and circumstances.

The Company make the determination of its obligations for future restoration, rehabilitation and environmental exposure based on factual information, circumstances and documentation provided from mining authorities in the exploration and evaluation asset's mining jurisdiction. Beyond this, if able to, management will attempt to present a reliable estimate of an obligation that is considered necessary.

- d) The value of the shares received from Enviroleach on the spin-out of leaching technology to Enviroleach and the value of the dividend back to the Company's shareholders in the same transaction.

The company estimated the fair value of the shares received based the cost of the non-cash assets that it paid in the transaction. The asset was the technology and its value was determined by using discounted cash flow techniques. This same method was used to value the fair value of the dividends paid out to the Company's shareholders. Factors such as the discount rate, the royalty rate and the price of metals were all factors that went into that determination.

- e) The allocation of fair value to assets obtained on the acquisition of Mineworx Technologies Inc.

The Company estimated fair value of equipment based on replacement value. For patents, the fair value represented the costs incurred in a applying for the patent. The fair value of the technology was recognized as the residual costs after the other identifiable assets were determined. Its value was compared to the future expected discounted cash flows resulting from the application of the technology.

- f) Asset acquisition

Management has had to apply judgements with respect to whether the acquisition of Mineworx Technologies Inc. is a business combination or an asset acquisition. Management applies a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of the subsidiary in order to reach a conclusion.

Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

**MINEWORX TECHNOLOGIES LTD.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
For the Three Months ended March 31, 2018

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**2. Significant accounting policies (cont'd)**

*Significant accounting judgments, estimates and assumptions- cont'd*

- b) The estimated useful lives and residual value of property, plant and equipment

Equipment is depreciated over its useful life. Estimated useful lives are determined based on current facts and past management experience and take into consideration the anticipated physical life of the asset, the potential for technology obsolescence and regulations.

- c) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

- d) Functional currency

In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the company operates. As no single currency was clearly dominant the Company also considered secondary indicator including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

*Cash and cash equivalents*

The Company considers all highly liquid instruments with a maturity of twelve months or less at the time of issuance to be cash equivalents. As at March 31, 2018, the Company had cash equivalents of \$30,000 (2017 - \$10,000).

*Foreign currency translation*

The Company's reporting currency and the functional currency is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in loss for the period.

*Exploration and evaluation expenditures*

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

**MINEWORX TECHNOLOGIES LTD.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
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**2. Significant accounting policies (cont'd)**

*Exploration and evaluation expenditures – cont'd*

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

*Pre-exploration Costs*

Pre-exploration costs are expensed in the year in which they are incurred

*Technology*

Technology assets are the cost of intangible assets acquired during the share exchange with Mineworx Technologies Inc. The assets represent the expected cash flows from the application of the proprietary mineral extraction equipment and the Company will amortize it based on its estimated useful life of 10 years. In addition, the asset will be reviewed for impairment, should discounted expected cash flows not support the carrying value.

*Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)*

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense.

The Company had no asset retirement obligations as of March 31, 2018 and 2017.

*Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

**MINEWORX TECHNOLOGIES LTD.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
For the Three Months ended March 31, 2018

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**2. Significant accounting policies (cont'd)**

*Related party transactions*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

*Share capital*

The Company's common shares and share warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are charged directly to share capital.

*Impairment of assets*

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

*Financial assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. The Company's cash and equivalents and securities held for resale are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

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

**MINEWORX TECHNOLOGIES LTD.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
For the Three Months ended March 31, 2018

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**2. Significant accounting policies (cont'd)**

***Financial liabilities***

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. At December 31, 2017 and 2016, the Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, advances, and notes payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company's cash is classified as FVTPL.

***Share-based payments***

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

***Joint Venture***

The Company utilizes the equity method to account for its share of the joint venture with Enviroleach Technologies Inc., ("Enviroleach") a company related by common management. This determination was made after an analysis of IFRS 11 (joint arrangements) and IAS 28 (investments in associates and joint ventures). Under the agreement Enviroleach has control.

**MINEWORX TECHNOLOGIES LTD.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
For the Three Months ended March 31, 2018

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**2. Significant accounting policies (cont'd)**

*Loss per share*

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

*Comprehensive income (loss)*

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the years presented, comprehensive loss was the same as net loss.

*Distributions of non-cash assets to owners*

The Company follows the guidelines under IFRIC 17 when it distributes non-cash dividends and other distributions to its shareholders. Under that authority, the distribution is measured at the fair value of the asset distributed with any difference between the fair value and the carrying amount of the assets recorded in profit and loss.

*Income taxes*

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3. New standards, amendments and interpretations**

The Company has not yet begun the process of assessing the impact of other new and amended standards that are effective for annual periods beginning on or after April 1, 2018, will have on its financial statements or whether to early adopt any of the new requirements. The Company does not expect the impact of such changes on the consolidated financial statements to be material, although additional disclosure may be required.

**MINEWORX TECHNOLOGIES LTD.**  
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**4. Receivables**

	March 31, 2018	December 31, 2017
Sales and other taxes receivables	\$ 34,805	\$ 30,993
Employee	-	962
<b>Total</b>	<b>\$ 34,805</b>	<b>\$ 31,955</b>

**5. Exploration and evaluation assets**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral properties, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing.

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

	Cehegin, Spain	Other Property Spain	Total
<b>Balance, December 31, 2016</b>	<b>\$ 775,017</b>	<b>\$ 26,763</b>	<b>\$ 801,780</b>
Additions:			
Geological fees and expenses	36,685	-	36,685
Mining rights and taxes	3,759	-	3,759
Field costs	18,716	-	18,716
<b>Total additions</b>	<b>59,160</b>	<b>-</b>	<b>59,160</b>
<b>Balance, December 31, 2017</b>	<b>\$ 834,177</b>	<b>\$ 26,763</b>	<b>\$ 860,940</b>
Additions:			
Geological fees and expenses	-	-	-
Mining rights and taxes	3,277	-	3,277
Field costs	5,263	-	5,263
<b>Total additions</b>	<b>8,540</b>	<b>-</b>	<b>8,540</b>
<b>Balance, December 31, 2017</b>	<b>\$ 842,717</b>	<b>\$ 26,763</b>	<b>\$ 869,480</b>

**MINEWORX TECHNOLOGIES LTD.**  
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**5. Exploration and evaluation assets (cont'd)**

**The Cehegín Iron Ore Concession, Spain**

On October 21, 2012, SME entered into a binding option agreement with a private Spanish company, Lorente Y Pallares SL (now MDC) pursuant to which it acquired the option to purchase 100% of the sixty-two (62) iron ore concessions and metallic mining licenses, covering an area of 1,030 hectares, located in south eastern Spain.

On March 13, 2014, SME completed the transaction by acquiring all of the issued and outstanding shares MDC in an arm's length transaction. The Company has applied for an expansion of the local area creating a continuous area of 6,900 hectares.

The purchase price for the acquisition was €135,000 (CAD - \$208,173), plus the repayment of mortgage debt in the amount of €45,000 (CAD - \$68,580). In addition, a security payment in the amount of €45,861 (CAD - \$70,349) was given to a financial institution for future environmental restoration purposes and is now registered as an asset to SME. These amounts were paid on the closing representing a total price of €225,861 (CAD - \$347,103).

The allocation of the purchase price for net assets acquired based on estimates of fair value at the acquisition date are as follows:

Cash	\$	27,899
Restricted cash		70,349
Deposits/ guarantees (classified as restricted)		27,270
Exploration and evaluation assets		249,075
Accounts payable and accrued liabilities		(27,490)

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Net identifiable assets acquired	\$	347,103
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SME will be required to pay an additional amount of up to EUR2,700,000 once a mining permit is submitted and granted for all 62 concessions, an improvement over the previously announced cost of EUR3,000,000. If SME proceeds with the new magnetite mining project, this additional payment would be made within four months from the decision notice date on which the permits or licenses are issued. This additional amount will be reduced to EUR1,800,000 if SME proceeds with the project, but does not obtain all mining permits for the total 62 concessions in its initial submission for permitting. No net royalties will be due on any proceeds from commercialization of the project.

*Co-operation Agreement with Glencore*

On October 21, 2013, the Company signed a definitive and exclusive Co-operation Agreement with a wholly owned subsidiary of Glencore Xstrata plc ("Glencore"), for joint due diligence of the Cehegín Project. The Agreement also provides for the potential formation of a joint venture company to progress development of the formerly producing Cehegín Iron Ore Mine located in the Province of Murcia, south-eastern Spain.

Ultimately, the agreement was never acted upon and by mutual agreement, SME now maintains 100% ownership in the Cehegín Iron Ore Project, through its wholly owned subsidiary CIOH. Each of the parties agreed to terminate all agreements related to the JVA, with the exception of Glencore's exclusive off-take agreement, which will remain in effect.



## MINEWORX TECHNOLOGIES LTD.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 5. Exploration and evaluation assets (cont'd)

##### Aroche Wollastonite Concession

On November 10, 2015, the SME entered into a binding option agreement with Explotaciones Aroche, S.L. pursuant to which it acquired the option to purchase the mining rights of the Aroche Wollastonite Concession ("Aroche") consisting of five (5) mining grids totaling approximately 150 hectares or 370 acres, located 2 kms south of the town of Aroche in the province of Huelva, south western Spain.

Under the terms of the three-year option agreement, ending November 6, 2018, the SME will be responsible to pay all exploration, general and administration expenses plus capital expenditures and governmental fees on Aroche. The Company will make a onetime cash payment of EUR100,000 (CAD - \$151,260) to the Explotaciones Aroche, S.L once the exploitation permit for Aroche has been obtained. The Company has the right to terminate the agreement at its discretion at any time with no penalties. The Optionor will maintain a 10% interest in Aroche. The option agreement allows for an extension of the three-year term in the event of unintentional causes of delay relating to Iberian completing its due diligence, investigation of mineral extensions, confirmation of historical estimates and exploitation permitting of the wollastonite.

#### 6. Equipment

The Company uses the straight-line method of depreciation at the following rates:

Machinery – 10 years;

Vehicles – 3 – 5 years;

Equipment – 3 – 5 years;

Office furniture – 3 – 5 years;

Computer hardware – 3 years.

The equipment in process representing the X-mill grinding machine and, once ready for operation, will be depreciated over 10 years.

#### For the Three Months Ended March 31, 2018

	Machinery	Vehicles	Equipment	Office Furniture	Computer Hardware	Equipment in Process	Total
Costs	\$	\$	\$	\$	\$	\$	\$
December 31, 2017							
Balance	1,579,450	86,640	892,635	19,216	46,988	-	2,624,929
Additions	-	-	1,403	1,936	1,901	-	5,240
Disposals	-	-	-	-	-	-	-
March 31, 2018							
Balance	1,579,450	86,640	894,038	21,151	48,889	-	2,630,169
<b>Amortization</b>							
December 31, 2017							
Balance	276,404	50,728	411,872	9,720	22,298	-	771,022
Current	39,486	6,670	54,479	1,281	3,915	-	105,921
Disposals	-	-	-	-	-	-	-
March 31, 2018							
Balance	315,890	57,488	466,351	11,001	26,213	-	876,943
Net Book Value	1,263,560	29,152	427,687	10,150	22,677	-	1,753,225

**MINEWORX TECHNOLOGIES LTD.**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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For the Three Months ended March 31, 2018

**6. Equipment (cont'd)**

	<b>Machinery</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Office Furniture</b>	<b>Computer Hardware</b>	<b>Equipment in Process</b>	
<b>For the Year Ended December 31, 2017</b>							
<b>Costs</b>							
December 31, 2016							
Balance	1,579,450	140,640	908,049	19,216	34,519	902,711	3,584,585
Additions	-	-	29,890	-	12,470	73,997	116,357
Disposals	-	(54,000)	(45,305)	-	-	(976,708)	(1,076,013)
December 31, 2017							
Balance	1,579,450	86,640	892,634	19,216	46,989	-	2,624,929
<b>Amortization</b>							
December 31, 2016							
Balance	118,459	40,020	200,474	4,595	10,321	-	373,869
	157,945	28,708	215,114	5,125	11,977	-	418,869
	-	(18,000)	(3,716)	-	-	-	(21,716)
December 31, 2017							
Balance	276,404	50,728	411,872	9,720	22,298	-	771,022
Net Book Value	1,303,046	35,912	480,762	9,496	24,691	-	1,853,907

**7. Enviroleach Transaction**

On March 15, 2017, the Company received a final order from the Alberta Court of Queen's Bench on the plan of arrangement involving Mineworx, shareholders of Mineworx and Enviroleach. The plan of arrangement involves the spin-out of the Mineworx 'Technology Rights' to Enviroleach and the distribution to the Company's shareholders of 25,999,813 common shares of Enviroleach. The plan of arrangement was approved by shareholders at the Company's Special Meeting held on March 14, 2017.

Under the terms of the Arrangement Agreement, through a statutory plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement"), the Company shall transfer the Technology to EnviroLeach in exchange for total compensation of \$8,600,000 comprised of:

## **MINEWORX TECHNOLOGIES LTD.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the Three Months ended March 31, 2018

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#### **7. Enviroleach Transaction (cont'd)**

- i) 28 million common shares of Enviroleach valued at \$0.25 per share,
- ii) promissory notes in the amount of \$1,600,000 made by Enviroleach in favour of the Company. \$600,000 is due by September 21, 2017 and the remaining \$1,000,000 is due in two years and carries a 5% interest rate.
- iii) The Company will retain a license agreement in perpetuity for the Enviroleach, patent-pending, non-cyanide gold leaching solution.

The Arrangement was completed on March 21, 2017, and the Company distributed 25,999,813 shares of Enviroleach Technologies Inc. to the company shareholders of record on March 21, 2017 as a return of capital. The non-cash dividend was recorded at the per share price of \$0.25, representing their fair value as required under IFRIC 17. The remaining 2,000,187 shares were kept by the Company to fund future capital needs. See Note 17.

As the Company had incurred \$634,450 in developing and testing the technology, a gain of \$7,965,551 was realized on spin-out.

#### **8. Intangible assets**

On December 16, 2015, the Company acquired intangible mineral extraction technology in a share transaction which included mineral extraction equipment. The intangible asset is amortized over its expected useful life of 10 years, which has expected cash flows accruing to the Company from the business of operating the mineral extraction equipment. The fair value of the asset was reviewed at the year end and it was determined that the carrying value of the asset was impaired and should be marked down. The impairment process was based on the requirements of IAS 36 *Impairment of Assets* and represented management's discounted cash flow projections applying reasonable and supportable assumptions. Operational start-up delays, site mobilization timing and lack of a committed site, all reduced present value when compared to the initial projections at the time of purchase.

The patent costs represent the costs of applying for a patent on the Company's mineral extraction equipment. The patent has not been issued yet and will not be amortized until the patent is issued.

The intellectual property represents the development costs of the HM X-leach solution. The intellectual property was sold as part of the transaction with Enviroleach and detailed in note 7.

**MINEWORX TECHNOLOGIES LTD.**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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<b>2018</b>	<b>Technology</b>	<b>Patents</b>	<b>Intellectual Property</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Costs</b>				
Opening balance, Jan 1, 2018	2,834,821	25,543	-	2,860,364
Disposal on Spin-out	-	-	-	-
Closing balance, Mar 31, 2018	2,834,821	25,543	-	2,860,364
<b>Accumulated Amortization</b>				
Opening balance, Jan 1, 2018	825,518	-	-	825,518
Additions	70,871	-	-	70,871
Closing balance, Mar 31, 2018	896,389	-	-	896,389
<b>2017</b>				
<b>Costs</b>				
Opening balance, January 1, 2017	2,834,821	25,543	634,449	3,494,813
Disposal on Spin-out	-	-	(634,449)	(634,449)
Closing balance, Dec 31, 2017	2,834,821	25,543	-	2,860,364
<b>Accumulated Amortization</b>				
Opening balance, January 1, 2017	542,036	-	-	542,036
Additions	283,482	-	-	283,482
Closing balance, Dec 31, 2017	825,518	-	-	825,518
<b>Carrying value – Mar 31, 2018</b>	1,938,432	25,543	-	1,963,975
<b>Carrying value – Dec 31, 2017</b>	2,009,303	25,543	-	2,034,846

**9. Accounts payables and accrued liabilities**

	March 31, 2018	December 31, 2017
Accounts payables	\$ 37,225	\$ 111,877
Accrued liabilities	37,500	43,869
Sales taxes payable	-	15,252
	<u>\$ 74,725</u>	<u>\$ 170,998</u>

**MINEWORX TECHNOLOGIES LTD.**  
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**10. Lease Obligations**

The company is obligated to pay future lease payments relating to office space used in its operations. The minimum lease payments for the next 5 years are as follows:

2018	38,321
2019	31,700
2020	29,058
2021	-
2022	-

The lease payments include the Edmonton office that are partially offset by a sub-lease agreement that covers the full remaining term.

**11. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At March 31, 2018, there were 299,525,080 issued and fully paid common shares (December 31, 2017 - 278,850,080).

Please refer to the Consolidated Statements of Changes in Equity for a summary of changes in share capital and reserves for the three months ended March 31, 2018. Reserves relate to stock options, agent's unit options, and compensatory warrants that have been issued by the Company.

***Private placements***

*For the three months ended March 31, 2018*

There were no private placements in the year.

***Other issuances***

- 1) On Jan 8, 2018, 200,000 Warrants were exercised at a price of \$0.10 for proceeds of \$20,000
- 2) On Jan 9, 2018, 100,000 Warrants were exercised at a price of \$0.15 for proceeds of \$15,000
- 3) On Jan 10, 2018, 150,000 Warrants were exercised at a price of \$0.15 for proceeds of \$22,500
- 4) On Jan 11, 2018, 425,000 Warrants were exercised at a price of \$0.15 for proceeds of \$63,750
- 5) On Jan 12, 2018, 100,000 Warrants were exercised at a price of \$0.15 for proceeds of \$15,000
- 6) On Jan 12, 2018, 1,000,000 Warrants were exercised at a price of \$0.10 for proceeds of \$100,000
- 7) On Jan 17, 2018, 50,000 Warrants were exercised at a price of \$0.15 for proceeds of \$7,500
- 8) On Jan 17, 2018, 2,000,000 Warrants were exercised at a price of \$0.10 for proceeds of \$200,000
- 9) On Jan 18, 2018, 1,100,000 Options were exercised at a price of \$0.13 for proceeds of \$143,000
- 10) On Jan 18, 2018, 800,000 Options were exercised at a price of \$0.10 for proceeds of \$80,000
- 11) On Jan 18, 2018, 100,000 Warrants were exercised at a price of \$0.15 for proceeds of \$15,000
- 12) On Jan 22, 2018, 500,000 Options were exercised at a price of \$0.10 for proceeds of \$50,000
- 13) On Jan 23, 2018, 200,000 Warrants were exercised at a price of \$0.10 for proceeds of \$20,000

## **MINEWORX TECHNOLOGIES LTD.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

For the Three Months ended March 31, 2018

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#### **11. Share capital (Cont'd)**

- 14) On Jan 23, 2018, 50,000 Warrants were exercised at a price of \$0.26 for proceeds of \$13,000
- 15) On Jan 25, 2018, 230,000 Warrants were exercised at a price of \$0.15 for proceeds of \$34,500
- 16) On Jan 25, 2018, 200,000 Warrants were exercised at a price of \$0.10 for proceeds of \$20,000
- 17) On Jan 25, 2018, 2,780,000 Warrants were exercised at a price of \$0.10 for proceeds of \$278,000
- 18) On Jan 29, 2018, 1,100,000 Warrants were exercised at a price of \$0.10 for proceeds of \$110,000
- 19) On Jan 29, 2018, 250,000 Warrants were exercised at a price of \$0.15 for proceeds of \$37,500
- 20) On Jan 29, 2018, 125,000 Warrants were exercised at a price of \$0.15 for proceeds of \$18,750
- 21) On Feb 2, 2018, 50,000 Warrants were exercised at a price of \$0.15 for proceeds of \$7,500
- 22) On Feb 2, 2018, 660,000 Warrants were exercised at a price of \$0.10 for proceeds of \$66,000
- 23) On Feb 6, 2018, 150,000 Warrants were exercised at a price of \$0.10 for proceeds of \$15,000
- 24) On Feb 6, 2018, 700,000 Warrants were exercised at a price of \$0.15 for proceeds of \$105,000
- 25) On Feb 7, 2018, 400,000 Options were exercised at a price of \$0.10 for proceeds of \$40,000
- 26) On Feb 7, 2018, 70,000 Warrants were exercised at a price of \$0.15 for proceeds of \$10,500
- 27) On Feb 7, 2018, 250,000 Warrants were exercised at a price of \$0.10 for proceeds of \$25,000
- 28) On Feb 9, 2018, 1,020,000 Warrants were exercised at a price of \$0.15 for proceeds of \$153,000
- 29) On Feb 9, 2018, 1,450,000 Warrants were exercised at a price of \$0.10 for proceeds of \$145,000
- 30) On Feb 9, 2018, 200,000 Warrants were exercised at a price of \$0.10 for proceeds of \$20,000
- 31) On Feb 13, 2018, 335,000 Warrants were exercised at a price of \$0.15 for proceeds of \$50,250
- 32) On Feb 14, 2018, 100,000 Warrants were exercised at a price of \$0.10 for proceeds of \$10,000
- 33) On Feb 14, 2018, 750,000 Warrants were exercised at a price of \$0.15 for proceeds of \$112,500
- 34) On Feb 15, 2018, 75,000 Warrants were exercised at a price of \$0.10 for proceeds of \$7,500
- 35) On Feb 16, 2018, 570,000 Warrants were exercised at a price of \$0.15 for proceeds of \$85,500
- 36) On Feb 16, 2018, 600,000 Options were exercised at a price of \$0.10 for proceeds of \$60,000
- 37) On Feb 19, 2018, 375,000 Warrants were exercised at a price of \$0.15 for proceeds of \$56,250
- 38) On Feb 26, 2018, 200,00 Warrants were exercised at a price of \$0.10 for proceeds of \$20,000
- 39) On Feb 28, 2018, 120,000 Warrants were exercised at a price of \$0.10 for proceeds of \$12,000
- 40) On Mar 2, 2018, 240,000 Warrants were exercised at a price of \$0.10 for proceeds of \$24,000
- 41) On Mar 5, 2018, 300,000 Warrants were exercised at a price of \$0.10 for proceeds of \$30,000
- 42) On Mar 6, 2018, 500,000 Warrants were exercised at a price of \$0.10 for proceeds of \$50,000
- 43) On Mar 16, 2018, 100,000 Options were exercised at a price of \$0.06 for proceeds of \$6,000

*For the Year ended December 31, 2017*

There were no private placements in the year.

#### ***Other issuance***

- 1) On March 7, 2017, 300,000 options were exercised at a price of \$0.06 for proceeds of \$18,000.
- 2) On March 9, 2017, 1,000,000 warrants were exercised at a price of \$0.06 for proceeds of \$60,000.
- 3) On March 9, 2017, 700,000 warrants were exercised at a price of \$0.10 for proceeds of \$70,000.
- 4) On March 10, 2017, 30,000 options were exercised at a price of \$0.10 for proceeds of \$3,000.
- 5) On November 27, 2017, 150,000 options were exercised at a price of \$0.07 for proceeds of \$10,500
- 6) On December 13, 2017 200,000 options were exercised at a price of \$0.10 for proceeds of \$20,000
- 7) On December 14, 2017 150,000 options were exercised at a price of \$0.06 for proceeds of \$9,000
- 8) On December 15, 2017 800,000 options were exercised at a price of \$0.10 for proceeds of \$80,000

**MINEWORX TECHNOLOGIES LTD.**  
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**11. Share capital (Cont'd)**

*Warrants*

The warrants transactions and number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2016	45,226,667	\$ 0.15
Exercised	(3,725,000)	0.10
Balance outstanding, December 31, 2017	41,501,667	\$ 0.15
Exercised	(17,175,000)	0.12
Expired	(1,675,000)	0.15
Balance outstanding, March 31, 2018	22,651,667	\$ 0.17
Balance exercisable, March 31, 2018	22,651,667	\$ 0.17

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**11. Share capital (cont'd)**

*Warrants (cont'd)*

10,541,667 warrants set to expire on January 7, 2018 had their term extended until November 7, 2018.

A summary of the Company's outstanding warrants as at March 31, 2018 is as follows:

<b>Number of Warrants Outstanding</b>	<b>Number of Warrants Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
10,491,667	10,491,667	\$ 0.26	November 7, 2018
12,160,000	12,160,000	\$ 0.10	December 13, 2018
22,651,667	22,651,667	\$ 0.17	

**12. Share based payments**

*Stock options*

The Company follows the policies of the TSX Venture Exchange, under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 28,999,209 common shares of the Company. The exercise price of each option equals the market price of the Company's common shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. The vesting period for all options is at the discretion of the board of directors.

The changes in options are as follows:

	Three Months ended March 31, 2018		Year ended December 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	23,445,000	\$ 0.10	24,445,000	\$ 0.10
Granted	300,000	0.26	4,550,000	0.09
Exercised	(3,500,000)	(0.11)	(3,330,000)	(0.08)
Options cancelled/expired	(50,000)	(0.10)	(2,220,000)	(0.11)
Options outstanding, end of period	20,195,000	\$ 0.10	23,445,000	\$ 0.10
Options exercisable, end of period	19,822,084	\$ 0.10	22,836,667	\$ 0.10



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**12. Share-based payments (cont'd)**

During the Three Months ended March 31, 2018:

- a. On January 11, 2018, the Company granted 300,000 stock options to a director of the Company. The options are at an exercise price of \$0.26 per share and valid for a period of five years from the date of the grant. The options vested upon grant.

During the Year ended December 31, 2017:

- a. On November 7, 2017, the Company granted 3,675,000 stock options to directors, officers, employees and various consultants of the Company. The options are at an exercise price of \$0.07 per share and valid for a period of five years from the date of the grant. The options vested upon grant.
- b. On November 10, 2017, the Company granted 275,000 to a consultant of the Company. The options are at an exercise price of \$0.19 per share and valid for a period of two years from the date of the grant. 68,750 options vest on January 1, 2018, 68,750 vest April 1, 2018, 68,750 on July 31, 2018 and 68,750 on October 1, 2018.
- c. On November 20, 2017, the Company granted 500,000 to a consultant of the Company. The options are at an exercise price of \$0.14 per share and valid for a period of two years from the date of the grant. 166,667 options vest on November 20, 2017, 166,667 on February 20, 2018 and 166,666 on May 20, 2018.
- d. On December 13, 2017, the Company granted 100,000 to an employee of the Company. The options are at an exercise price of \$0.195 per share and valid for a period of five years from the date of the grant. The options vested upon grant.

The stock options outstanding and exercisable at March 31, 2018 are as follows:

<b>Number of Options Outstanding</b>	<b>Number of Options Exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,250,000	2,250,000	\$ 0.13	January 2, 2019
4,150,000	4,150,000	\$ 0.10	June 20, 2020
400,000	400,000	\$ 0.10	September 8, 2020
5,950,000	5,950,000	\$ 0.10	December 17, 2020
350,000	350,000	\$ 0.10	December 21, 2020
2,395,000	2,395,000	\$ 0.06	November 28, 2021
3,525,000	3,525,000	\$ 0.07	November 7, 2022
275,000	68,750	\$ 0.19	December 31, 2020
500,000	333,334	\$ 0.14	November 20, 2019
100,000	100,000	\$ 0.20	December 13, 2022
300,000	300,000	\$ 0.26	January 11, 2023
<b>20,195,000</b>	<b>19,822,084</b>		

The weighted average remaining contractual life is 2.84 years.

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**12. Share-based payments (cont'd)**

**Reserves**

The reserves record items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

The total share-based payments recognized during the three months ended March 31, 2018, under the fair value method was \$82,510 (2016 - \$nil).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the three months ended March 31, 2018 and the year ended December 31, 2017:

	<b>2018</b>	<b>2017</b>
Risk-free interest rate	1.15%	0.87%
Expected life of options	5 years	4.49 years
Annualized volatility	141.24%	144.00%
Dividend rate	0.00%	0.00%

**13. Basic and diluted income (loss) per share**

The calculation of basic and diluted income per share for the three months ended March 31, 2018 was based on the loss attributable to common shareholders of \$435,330 (2016 – income of \$7,731,126) and the weighted average number of common shares outstanding of 292,405,080 (2017 – 273,039,237).

Diluted income per share in 2017 includes the effect of 23,445,000 stock options, 41,501,667 exercisable share purchase warrants.

**14. Related Parties**

The Company's directors receive no compensation for their services but do receive reimbursement of out-of-pocket expenses to perform their Board of Directors duties. Key Management costs for the three months ended March 31, 2018 was \$112,607 (2017 - \$83,913).

There was no (\$nil) in Management Share Based Compensation for the three months ending March 31, 2018 (2017 - \$nil) and \$69,337 (2017 - \$nil) relating to Directors.

***Related party balances***

The amounts due to officers and directors of the Company are as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Included in accounts payables and accrued liabilities <sup>(i)</sup>	\$ 8,901	\$ 25,475

These amounts are for unpaid management fees and expenses. They are unsecured, non-interest bearing and have no fixed terms of repayment.

Due from related parties includes a receivable of \$610,368, (2017 - \$429,194) for costs incurred for Enviroleach, a company with common management.

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#### **15. Management of capital**

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in 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 debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ending December 31, 2017. The Company is not subject to externally imposed capital requirements.

#### **16. Financial risk management**

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - 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).

Cash is classified as Level 1.

As at December 31, 2017, the carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity.

#### **Financial risks**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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**16. Financial risk management (cont'd)**

**Financial risks – cont'd**

*Credit risk*

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. The Company limits its exposure to credit loss for cash by placing its cash with high quality financial institution and for receivables by standard credit checks. At March 31, 2018, the Company's exposure to credit risk is minimal.

*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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at March 31, 2018, the Company had a cash balance of \$2,286,798 (2017 - \$583,396) to settle current liabilities of \$78,263 (2017 - \$179,398).

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

*Market risk*

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

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At March 31, 2018, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in Euro ("EUR"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

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**17. Financial risk management (cont'd)**

*Financial assets*

The Canadian dollar equivalent of the amounts denominated in foreign currencies as at March 31, 2018 and December 31, 2017 are as follows:

<b>March 31, 2018</b>	<b>USD</b>		<b>EUR</b>	
Cash	\$	126	\$	73,989
Receivables / prepaid expenses		45,832		41,167
<b>Total</b>	<b>\$</b>	<b>45,958</b>	<b>\$</b>	<b>115,156</b>

  

<b>December 31, 2017</b>	<b>USD</b>		<b>EUR</b>	
Cash	\$	126	\$	39,802
Receivables / prepaid expenses		45,617		36,092
<b>Total</b>	<b>\$</b>	<b>45,743</b>	<b>\$</b>	<b>75,894</b>

*Financial liabilities*

The exposure of the Company's financial liabilities to currency risk are as follows:

<b>March 31, 2018</b>	<b>USD</b>		<b>EUR</b>	
Accounts payable and accrued liabilities	\$	25,135	\$	5,427
<b>Total</b>	<b>\$</b>	<b>25,135</b>	<b>\$</b>	<b>5,427</b>

  

<b>December 31, 2017</b>	<b>USD</b>		<b>EUR</b>	
Accounts payable and accrued liabilities	\$	8,228	\$	4,513
<b>Total</b>	<b>\$</b>	<b>8,228</b>	<b>\$</b>	<b>4,513</b>

*Sensitivity analysis*

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in Euro. As at March 31, 2018, net financial assets totalling \$109,729 were held in Euro. This excludes \$330,731 held as security and listed as restricted cash in the financial statements.

Based on the above net exposure as at March 31, 2018 and assuming all other variables remain constant, a 2% depreciation or appreciation of the Euro against the Canadian dollar would result in an increase or decrease of approximately \$33,670 in the Company's loss and comprehensive loss.

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**17. Financial risk management (cont'd)**

b) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**18. Securities held for sale**

The securities held for sale represents 961,182 shares of Enviroleach that were not part of the return of capital dividend which trade on the Canadian Securities Exchange. The shares represent less than 2% of the outstanding shares of Enviroleach. The Company kept 2,000,182 shares from the spin out and recorded the shares at the cost of \$.025 per share. The shares are classified as "FVTPL) and their change in fair market value is reflected on the statement of operations. On March 31, 2018, the closing price of the shares was \$1.56. During the year ended December 31, 2017, the Company sold 1,039,000 shares in the market for net proceeds of \$668,824.

**19. Minority interest**

On August 29, 2017, Enviroleach and Mineworx signed a joint venture agreement to pursue sales opportunities in the E-waste sector. Enviroleach has an 80% equity share and Mineworx has a 20% equity share of the non-legal joint venture entity. As part of the Mineworx equity contribution, it transferred the HM X-mill to the joint venture at a value of \$250,000 USD (\$312,875). Mineworx has significant influence over the joint venture and accounts for the entity using the equity method. During the three months ended March 31, 2018 the joint venture had losses of \$643,830 (2017 - \$nil) and the Company contributed a further \$144,237 as its equity share.

**20. Supplemental disclosure with respect to cash flows**

	Three Months ended	
	March 31, 2018	March 31, 2017
Cash paid for interest	\$ 417	\$ -

During the three months ended March 31, 2018, there were no significant non-cash transactions.

During the Year ended December 31, 2017, the significant non-cash transactions were as flows:

- a) The Company received 28,000,000 shares of Enviroleach Technologies Inc. that had a value of \$7,000,000 at deemed price of \$0.25 per share
- b) The Company completed a return of capital dividend of 25,999,813 Enviroleach Technologies Inc. shares that was valued at \$6,499,954 at a deemed price of \$0.25 per share
- c) The Company received \$1,600,000 in notes receivable from Enviroleach Technologies Inc.
- d) The Company transferred an asset for a 20% interest in a Joint Venture with Enviroleach Technologies Inc. valued at \$312,875 and reclassified \$243,024 to Prepaids from Equipment.

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**21. Segmented information**

The Company has two operating segments, exploration and development of mineral properties in Spain and mineral extraction through use of its proprietary equipment in North America. The Company's non-current assets by geographic location for the Year ended December 31, 2016 are as follows:

March 31, 2018	North America	Spain	Total
Restricted cash	\$ -	\$ 330,731	\$ 330,731
Exploration and evaluation assets	-	869,480	869,480
Minority interest	75,536	-	75,536
Note receivable	1,227,465	-	1,227,465
Equipment	1,753,225	-	1,753,225
Intangible assets	1,963,975	-	1,963,975
<b>Total</b>	<b>\$ 5,020,201</b>	<b>\$ 1,200,211</b>	<b>\$ 6,220,412</b>

December 31, 2017	North America	Spain	Total
Restricted cash	\$ -	\$ 295,650	\$ 295,650
Exploration and evaluation assets	-	860,940	860,940
Minority interest	64,265	-	64,265
Note receivable	1,354,928	-	1,354,928
Equipment	1,853,907	-	1,853,907
Intangible assets	2,034,846	-	2,034,846
<b>Total</b>	<b>\$ 5,307,946</b>	<b>\$ 1,156,590</b>	<b>\$ 6,464,536</b>

For the three months ended March 31, 2018, the loss for North America operating segment was \$514,583 (2017 income of \$7,780,418) and for the Spain operating segment, there was income of \$79,233 (2017 loss of \$49,245).

**22. Subsequent events**

No subsequent events.