



**INTERIM QUARTERLY HIGHLIGHTS**

**MARCH 31, 2019**

# Mineworx Technologies Ltd.

## Interim Quarterly Highlights

### Three months ended March 31, 2019

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#### Introduction

This Management Discussion and Analysis Report has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Mineworx Technologies Ltd. (formally Iberian Minerals Ltd.) and its subsidiaries (“Mineworx” or the “Company”).

The information provided herein should be read in conjunction with the Company’s unaudited condensed audited consolidated financial statements and the notes thereto for the three months ended March 31, 2019, and the Annual MD&A for the year ending December 31, 2017.

The statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Mineworx is listed on the TSX Venture Exchange under the symbol “MWX”, on the OTCQB Exchange under the symbol “MWXRF” and on the Frankfurt Stock Exchange under the symbol “YRS”. The Company is engaged in the development and deployment of innovative mining technologies and the exploration, acquisition and development of mineral properties.

Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars. The effective date of this report is November 27, 2018.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See “Forward-Looking Information and Statements” herein.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Corporate Overview

In June 2017, the Company officially changed its name to Mineworx Technologies Ltd. to better reflect the changed business focus. In late 2015, the Company implemented a strategy to pursue and investigate a new paradigm being created in the mining sector to complement its Spanish mineral assets and current business model.

In December 2015, the Company acquired Mineworx Technologies Inc., who developed the HM X-tract, a unique, patent-pending, portable, heavy mineral extraction process and an innovative new business model for the gold and precious metals mining sector. As of June 30, 2017, Mineworx Technologies Inc. and Mineworx Technologies Ltd. (the former Iberian Minerals Ltd) were amalgamated into one company that continued under the Mineworx Technologies Ltd. name.

The Mineworx business model is to seek out advanced-stage mineral deposits on which to employ its portable processing technologies, and to partner with the existing owners and operators to advance these deposits to profitable production in a timely and cost-efficient manner. The model offers operators accelerated production timelines, lower cut off grades, reduced infrastructure, shorter permitting periods, improved market valuations, and lower the operating costs, environmental impact and the economic risks.

The unique, integrated water clarification and filtration technologies allows operators to recycle most of the process water used at a typical mine site. This conserves water, minimizes environmental discharge and significantly reduces or eliminates the necessity for tailings ponds.

As part of the strategic review the Company decided to spin out the HM X-leach technology to the newly formed public entity Enviroleach Technologies Inc. in the first quarter of 2017. This transaction allowed the shareholders of Mineworx to continue to share in the promising upside of the technology while the Company focused on the development of the Mineworx business model.

On March 15, 2017, the Company received a final order from the Alberta Court of Queen’s Bench on the plan of arrangement involving Iberian, shareholders of Iberian and Enviroleach Technologies Inc. The plan of arrangement involves the spin-out of the technology rights to EnviroLeach Technologies Inc. and the distribution to Company shareholders of 26,000,000

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common shares of Enviroleach Technologies Inc. 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 transferred the Technology to Enviroleach in exchange for total compensation of \$8,600,000 comprised of:

- i) 28 million common shares of Enviroleach,
- ii) promissory notes in the amount of \$1,600,000 made by Enviroleach in favour of the Company. \$600,000 is due by September 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 Enviroleach shares to the company shareholders of record on March 21, 2017 as a return of capital dividend with a deemed price of \$0.25 per Enviroleach share.

After working in conjunction with Enviroleach it was realized that utilizing Mineworx technology and expertise enhanced recoveries of precious metals in E-Waste material during the Enviroleach process. With this knowledge Enviroleach and Mineworx agreed to create a Joint Venture to pursue opportunities in the E-Waste sector. On September 1, 2017 Enviroleach announced an agreement with Jabil Inc. for E-Waste processing. The contract work associated with this agreement will be fulfilled by the Mineworx/Enviroleach Joint Venture. The Mineworx equity share of the joint venture is 20%.

During 2017 the customer focus of Mineworx changed from the mining industry to the E-waste sector. This was the result of opportunities that arose while working in conjunction with Enviroleach. The management of Mineworx believes that this new sector offers an accelerated route to profitability.

After the successful implementation of the E-waste strategy the company will resume pursuing opportunities in the mining industry.

**Overall Performance**

In the three months ending March 31, 2019 the activities of the Mineworx team were devoted to the development of the E-waste business strategy. Mineworx personnel have been working in conjunction with the staff of Enviroleach on the fabrication of the components of the Vancouver facility. The Mineworx personnel have been focused on the development of the wet circuit for the Vancouver facility.

The Company responded to some queries from the Spanish Government regarding the proposed drilling program for the Cehegin project.

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**Summary of Quarterly Results**

The following financial data is selected information for the Company for the eight most recently completed financial quarters:

	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	Jun 30, 2017
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Income (loss) for the period	(731,902)	(2,024,276)	(1,162,098)	(1,087,800)	(433,644)	(396,336)	(745,577)	(175,718)
Income (loss) per share (basic & diluted)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration and development activities, general corporate operations, the timing of share-based payments, and write-down or sale of certain exploration, evaluation, or other assets.

***Financial results***

The Company had no operating revenue for the three months ended March 31, 2019 and 2017. For the three months ended March 31, 2019, the Company incurred a net loss of \$731,902 (2018 - \$433,644).

Total expenses of \$285,312 related general administration and sales in the three months ended March 31, 2019 (2018 - \$431,493).

Management and employee costs were \$127,199 (2018 - \$120,352), the increase is related to small increases to compensation to Management and employees.

Investor relations \$44,615 (2018 - \$91,133) and travel \$8,479 (2018 - \$28,979) are reduced as the company spent less time on marketplace exposure activities.

When compared to 2018 the company had more assets through leases in the three months ending March 31, 2019 causing the interest costs \$13,003 (2018 - \$1,686) to increase.

Professional fees were \$23,190 (2018 - \$20,482), are accrued audit fees and legal services required.

Project costs were \$2,019 (2018 - \$3,183), this is the non-capitalized expenditures related to the Cehegin project.

Share based costs were \$nil (2018 - \$82,510) as no options were granted in the three months ending March 31, 2019.

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The \$86,506 loss on securities held for sale (2018 – gain of \$269,131) is a result of the remaining 961,182 Enviroleach Technologies shares the company held reducing in value. The market value of the shares at March 31, 2019 was \$0.90 per share.

The Company recognized a loss of \$19,975 (2018 – gain \$18,172) on foreign currency related primarily to the Euro.

\$158,514 in amortization was charged in the three months ended March 31, 2019 (2018 - \$176,793) related to the equipment and technology acquired in the Mineworx transaction. The asset base the amortization is calculated on was smaller in 2019 than in 2018.

The company recognized a loss of \$205,933 (2018 - \$134,966) related to its 20% minority interest in the E-waste joint venture. The joint venture had total losses of \$1,029,665 (2018 - \$674,830) in the three months ended March 31, 2019.

### **Exploration and Evaluation Assets**

For the three months ended March 31, 2019, the Cehegin total expenditures were \$13,659 (2018 - \$8,540), comprised of geological expenses of \$4,024, mining rights and taxes of \$3,946, and field costs of \$5,689. Cehegin was the only property development advanced in 2019 and the limited spending is a result of waiting for government approval to start the next phase of development drilling.

### **Equipment**

For the three months ended March 31, 2019, the expenditures on equipment were \$23,443 (2018 - \$5,240). The 2019 expenditures are \$23,443 for tooling used in the fabrication shop.

### **Intangible Assets**

There was \$9,113 spending for the patent that was issued by the US Patent Office for the Mobile Mining System in Q3 on intangible assets in 2018. The 2018 balance of \$1,830,838 is reduced from the 2017 carrying value by the amortization charged. Amortization of the patents commenced and is being recognized over a 17 year life.

### **Liquidity and Capital Resources**

At March 31, 2019, the Company's cash position was \$1,198,288 and the working capital was \$2,308,834. The Company still holds 961,182 Enviroleach shares that it plans to hold until the Company's cash requirements determine selling the shares would be the best option or the market conditions dictate that it is to the Company's advantage to sell the shares.

Net cash used in operating activities for the three months ended March 31, 2019 was \$378,672 (2018 - \$603,392), which relates primarily to general and administrative expenses (\$285,312), decreases in accounts payables (\$84,447), an increase in the amount due from Enviroleach (\$40,479).

Net cash used in investing activities for the three months ended March 31, 2019 was \$421,764 (2018 – \$193,098). \$384,662 was required as an equity contribution to fund the working capital of the joint venture with Enviroleach.

Net cash used in financing activities for the three months ended March 31, 2019 was \$27,947 (2018 provided – \$2,499,892). There was no cash raised from equity instruments in the period. The cash used relates to the lease payments net of the proceeds from sub-leases. The Company has a \$1 million Note that is due from Enviroleach.

The Company is in an exploration and development phase and is not generating revenue as of yet, it is expected that the working capital balance will follow a cycle of reduction and replenishment. Management currently follows a policy of raising only sufficient capital to carry out its near-term plans. This policy is meant to minimize dilution of shareholders' positions by raising capital when the stock price is at higher levels.

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**Capital Commitments**

The Company had no commitments for property and equipment expenditures for fiscal 2018. The Company expects that any property and equipment expenditures incurred, based on future needs, will be funded from working capital and/or from operating or capital leases.

**Proposed Transactions**

There are no disclosable transactions that the board of directors or senior management are aware of.

**Outstanding Share Data**

*Authorized share capital*

Unlimited number of common shares without par value.

*Common shares*

At March 31, 2019, there were 311,025,080 issued and fully paid common shares.

At May 28, 2018, there were 311,025,080 issued and fully paid common shares.

*Stock options*

At March 31, 2019, there were 21,395,000 stock options outstanding and exercisable at weighted average price of \$0.11.

At May 28, 2019, there were 21,395,000 stock options outstanding and exercisable at weighted average price of \$0.11.

*Warrants*

At March 31, 2019, there were no warrants outstanding.

At May 28, 2019, there were no warrants outstanding.

**Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

**Forward-Looking Information and Statements**

This information contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this information contains forward-looking statements relating to: the future opportunities for the Company; the business strategy of the Company; and the competitive advantage of the Company.

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In addition, forward-looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of services, the ability to obtain financing on acceptable terms, the actual results of exploration projects being equivalent to or better than estimated results in technical reports or prior exploration results, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, these assumptions may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the Company's beliefs, plans, objectives and expectations, including, among other things: general economic and market factors, including business competition, changes in government regulations or in tax laws; the early stage development of the Company and its projects; general political and social uncertainties; commodity prices; the actual results of current exploration and development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of economic evaluations; and lack of qualified, skilled labour or loss of key individuals. These factors should not be considered exhaustive. Many of these risk factors are beyond the Company's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon the Company's assessment of all information available at that time.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included are made as of the date of this information and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

### **Risk and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance nor are they inclusive of all the risks and uncertainties the Company may be subject to as other risks may apply: the risks associated with our dependence on the Cehegín Iron Ore Concessions in Spain; geological exploration and development; changes in law, unrest and political instability; environmental permits for development of the Company's properties cannot be obtained or renewed on terms satisfactory to the Company and other land title permitting and licensing risks; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

### **Additional Information**

The Company's publicly filed documents are available on SEDAR at [www.sedar.com](http://www.sedar.com) and more information is also available on Company's website at [www.mineworx.net](http://www.mineworx.net).