Bitfarms™

Management's Discussion & Analysis

For the three and nine months ended September 30, 2019

Q3

2019

Contents

Introduction

The following Management's Discussion and Analysis ("MD&A") for Bitfarms Ltd. (together with its subsidiaries, the "Company" or "Bitfarms") should be read in conjunction with the Company's third quarter 2019 unaudited interim period condensed consolidated financial statements and the accompanying notes and the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2018. In addition, the following MD&A should be read in conjunction with the Company's "Caution Regarding Forward-Looking Statements" beginning on page 18 of this MD&A.

The Company's third quarter 2019 unaudited interim period condensed consolidated financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's third quarter 2019 unaudited interim period condensed consolidated financial statements include the accounts of the Company and other entities that the Company controls and are reported in US dollars, except where otherwise noted.

Under IFRS, certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-IFRS financial performance measures exclude the impact of certain items and are used internally when analyzing operating performance. Please refer to the "Caution Regarding Non-IFRS Financial Performance Measures" section of this MD&A on page 19 for more information. This MD&A contains various terms related to the Company's business and industry. Please refer to the Glossary of Terms on page 20 of this MD&A.

Company Overview

The Company operates through two operating corporate subsidiaries and reportable operating segments: Backbone Hosting Solutions Inc. ("Backbone") and 9159-9290 Quebec Inc. (operating as Volta Electrique, "Volta"). Backbone owns and operates server farms, comprised of computers (referred to as a "Miners") designed for the purpose of validating transactions, primarily on the Bitcoin Blockchain. The Miners operate 24 hours a day and revenues are earned from Block Rewards and transaction fees issued in the form of cryptocurrencies by the Bitcoin network that the Company receives in return for validating transactions (referred to as "Mining"). Backbone regularly exchanges cryptocurrencies mined into U.S. dollars through reputable and established cryptocurrency trading platforms.

As of the date of this MD&A, Bitfarms currently operates five server farm facilities in Québec, Canada, which use approximately 55 MW to produce approximately 790 Petahash per second (PH/s) of hashrate for Mining Bitcoin (expected to increase to approximately 56.8 MW and 813 PH/s after optimizations). The Company has contracts securing an aggregate of 160 MW of hydro-electric green energy in Quebec. In addition, Bitfarms owns proprietary software that is used to control, manage, report and secure mining operations. The software scans and reports the location, computing power and temperature of all Miners at regular intervals to allow the Company to monitor performance and ensure Miners are operating at maximum capacity and up-time. Volta provides electrician services to both commercial and residential customers in Quebec, while assisting Bitfarms in building and maintaining its server farms.

Third Quarter 2019 Highlights:

(U.S.$ in thousands except where indicated)	Three months ended				Nine months ended			
For the periods ended as indicated	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Revenues	**9,739**	6,866	2,873	42%	**21,886**	29,151	(7,265)	(25%)
Cost of Sales	**5,276**	6,149	(873)	(14%)	**13,280**	16,056	(2,776)	(17%)
Gross profit	**4,463**	717	3,746	522%	**8,606**	13,095	(4,489)	(34%)
Gross margin	**46%**	10%	-	-	**39%**	45%	-	-
G&A and other expenses	**2,356**	2,390	(34)	(1%)	**7,638**	8,103	(465)	(6%)
Operating income (loss)	**2,107**	(1,673)	3,780	(226%)	**968**	4,992	(4,024)	(81%)
Operating margin	**22%**	(24%)	-	-	**4%**	17%	-	-
Financial income	**3,425**	-	-	-	**2,197**	-	-	-
Interest expense	**1,332**	11	1,321	12009%	**2,146**	121	2,025	1674%
Other financial expenses (income)	**(92)**	28	(120)	(429%)	**53**	54	(1)	(2%)
Pre-tax income (loss)	**4,292**	(1,712)	6,004	(351%)	**966**	4,817	(3,851)	(80%)
Income tax expense (recovery)	**(17)**	-	-	-	**(17)**	1,791	-	-
Net income (loss) per share - basic	**0.06**	(0.02)	0.08	(400%)	**0.03**	0.07	(0.04)	(57%)
Net income (loss) per share - diluted	**0.05**	(0.02)	0.07	(350%)	**0.03**	0.07	(0.04)	(57%)
Gross mining profit (1)	**5,954**	4,525	1,429	32%	**12,192**	21,478	(9,286)	(43%)
Gross mining margin (1)	**67%**	67%	-	-	**62%**	77%	-	-
EBITDA (1)	**7,161**	1,700	5,461	321%	**7,329**	14,272	(6,943)	(49%)
EBITDA margin (1)	**74%**	25%	-	-	**33%**	49%	-	-
Adjusted EBITDA (1)	**4,668**	1,903	2,765	145%	**7,632**	15,867	(8,235)	(52%)
Adjusted EBITDA margin (1)	**48%**	28%	-	-	**35%**	54%	-	-

- Consolidated revenue of $9.7 million; gross profit of $4.5 million (46% gross profit margin), operating income of $2.1 million (22% operating margin), and net income of $4.3 million;
- Mining operations segment (i.e. Backbone) gross mining profit[1] of approximately $6.0 million (67% gross mining margin), 834 Bitcoin and 1,219 Litecoin mined in Q3 2019;
- EBITDA of $7.2 million (74% EBITDA margin) and Adjusted EBITDA of $4.7 million (48% Adjusted EBITDA margin);
- Q3 2019 average break-even[2] Bitcoin price of $3,482 and average break-even Litecoin Price of $100;
- Completed drawdown of the 4th $5.0 million tranche of $20.0 million loan to fund planned expansion;
- Completed the acquisition of 7,795 new generation ASICs and the installation of 4,750 of the acquired ASICS as at September 30, 2019, producing approximately 240 installed PH/s of hashrate representing an increase of approximately 79% since the end of Q2 2019; and
- Bitfarms acquired the remaining 39.3% of outstanding shares of Backbone through a 1:1 share exchange in which 26,295,655 Backbone shares were exchanged for 26,295,655 newly issued shares in the Company.

[1] EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Gross mining profit and Gross mining margin are non-IFRS performance measures; please refer to the heading "Caution Regarding Non-IFRS Financial Performance Measures" on page 19 regarding the use of non-IFRS Measures.

[2] Represents the break-even cost of Bitcoin and Litecoin based on variable cost of electricity and is calculated by taking the total electricity costs related to the Mining of each of Bitcoin and Litecoin divided by the total number of Bitcoin and Litecoin mined, respectively, in the relevant period.

Revenue

Bitfarms' total revenue for Q3 2019 was $9,739,000 compared to $6,866,000 for the comparable three-month period in 2018 ("Q3 2018"). Revenue in Q3 2019 increased $2,873,000 or 42% compared to the revenue in Q3 2018. The factors which had the greatest impact on the increase in revenue in Q3 2019 compared to Q3 2018 are provided in the following table:

(U.S. $ in thousands except where indicated)	Note	Bitcoin	(USD)	% Change
Revenue based on actual coins sold during the three-month period ended September 30, 2018 and Volta external revenue		915	6,866	-
Impact of increase in average Bitfarms' Bitcoin hashrate in excess of average network difficulty during Q3 2019 compared to Q3 2018	1	91	666	10%
Impact of increase in Q3 2019 average Bitcoin price compared to Q3 2018 average Bitcoin price	2		2,608	38%
Impact of Q2 2018 Altcoin inventory plus additional Altcoins mined in Q3 2018 exchanged into Bitcoin in Q3 2018	3	(21)	(154)	(2%)
Difference in Bitcoin inventory as at Q3 2019 compared to Q3 2018	4	158	1,624	24%
Q2 2018 BTC inventory sold in Q3 2018	5	(309)	(2,262)	(33%)
Q2 2019 BTC inventory sold in Q3 2019	6	31	319	5%
Q3 2019 BTC received as deposit for L3+ transaction	7	16	(171)	(2%)
Impact of Litecoin sold in Q3 2019	8		83	1%
Impact of increase in Q3 2019 average Litecoin price compared to Q3 2018 average Litecoin price	9		43	1%
Bitcoin Cash sold in Q3 2018	10		(265)	-
Volta increase in external revenues and other mining variance			382	6%
Revenue for three months-ended September 30, 2019		881	9,739	46%

Notes

1 Calculated as the difference in Bitcoin mined in Q3 2019 compared to Q3 2018 (i.e. 834 - 743) multiplied by Q3 2018 average Bitcoin price (i.e. $7,307)

2 Calculated as the difference in average realized Bitcoin price in Q3 2019 compared to Q3 2018 (i.e. $10,281 - $7,321) multiplied by the Bitcoin sold in Q3 2019 (i.e. 881)

3 Calculated as the total Dash, Ethereum, and Litecoin (each an "Altcoin" and collectively "Altcoins") exchanged into Bitcoin and sold in Q3 2018 multiplied by the Q3 2018 average realized Bitcoin price (i.e. $7,321)

4 Calculated as the difference in Bitcoin inventory as at Q3 2018 compared to Q3 2019 (i.e. 158 - 0) multiplied by the average realized Bitcoin price in Q3 2019 (i.e. $10,281)

5 Calculated as the ending inventory on June 30, 2018 multiplied by the average realized Bitcoin price in Q3 2018 (i.e. $7,321)

6 Calculated as the ending inventory on June 30, 2019 multiplied by the average realized Bitcoin price in Q3 2019 (i.e. $10,281)

7 16 BTC received as deposits for L3 miners held for sale in July and August 2019. This transaction does not impact revenue and therefore must be removed.

8 Calculated as the Litecoin mined in Q3 2019 (i.e. 1,219) multiplied by Q3 2018 average Litecoin price (i.e. $68)

9 Calculated as the difference in average realized Litecoin price in Q3 2019 compared to Q3 2018 (i.e. $98 - $68) multipled by the Litecoin sold in Q3 2019 (i.e. 1,440)

10 Bitcoin Cash ("Altcoin") inventory from Q2 2018 sold directly for USD in Q3 2018.

The most significant factors influencing the net increase to Bitfarms' revenue for the three months ended September 30, 2019 compared to the three months ended September 30, 2018 presented in the table above are the 40% higher average realized price per Bitcoin of $10,281 in Q3 2019 compared to $7,321 in Q3 2018, as well as 91 more Bitcoin mined resulting from Bitfarms' average increased hashrate in excess of the average Network Difficulty during Q3 2019 compared to Q3 2018. In addition, the net change in inventory in Q3 2018 resulted in 151 more Bitcoin being sold than mined during Q3 2018, compared to only 31 more Bitcoin sold than mined in Q3 2019. The Company recognizes revenue when the Bitcoin are sold, and as a result, the timing of Bitcoin sales described above can impact the amount of revenue recognized. Note, it is the practice of the Company to sell its cryptocurrencies for fiat (i.e. U.S. dollar), within one to four days after the cryptocurrencies are mined. The Company sells its cryptocurrency through cryptocurrency trading platforms operated by Tagomi Holdings, Inc. and Gemini Trust Company, LLC, two licensed digital asset exchanges regulated by the New York State Department of Financial Services and operated out of New York, New York, USA. In certain specific and limited cases, Bitfarms does not convert Bitcoin directly into fiat and uses Bitcoin to directly pay for payment obligations.

Revenue was $21,886,000 for the nine month period ended September 30, 2019 compared to $29,151,000 for the comparable nine-month period in 2018. Revenue for the nine month period ended September 30, 2019 decreased $7,265,000 or 25% compared to the revenue in nine month period ended September 30, 2018. The factors which had the greatest impact on the decrease in revenue are provided in the following table:

(U.S. $ in thousands except where indicated)	Note	Bitcoin	(USD)	% Change
Revenue based on actual coins sold during the nine-month period ended September 30, 2018 and Volta external revenue		3,157	29,151	-
Impact of increase in average network difficulty in excess of average Bitfarms' Bitcoin hashrate during YTD Q3 2019 compared to YTD Q3 2018	1	(23)	(202)	(1%)
Impact of reduction in YTD Q3 2019 average Bitcoin price compared to YTD Q3 2018 average Bitcoin price	2		(4,208)	(14%)
Impact of December 31, 2017 Altcoin inventory plus Altcoins mined during YTD Q3 2018 exchanged into Bitcoin and sold in Q3 2018 less ending Altcoin inventory	3	(625)	(5,484)	(19%)
Bitcoin Cash sold in Q3 2018 directly for $USD	4		(265)	(1%)
Difference in Bitcoin inventory as at YTD Q3 2019 compared to YTD Q3 2018	5	158	1,138	4%
Impact of Litecoin sold during YTD Q3 2019	6		576	2%
Dec. 31, 2018 Inventory sold in YTD Q3 2019	7	11	79	0%
BTC received for sales of miners during YTD Q3 2019	8	16	(171)	-
Other mining variance		(21)	279	1%
Volta increase in external revenues			994	3%
Revenue for nine months-ended September 30, 2019		2,673	21,886	(24%)

Notes

1 Calculated as the difference in Bitcoin mined in YTD Q3 2019 compared to YTD Q3 2018 (i.e. 2,645 - 2,669) multiplied by YTD Q3 2018 average Bitcoin price (i.e. $8,775)

2 Calculated as the difference in average realized Bitcoin price in YTD Q3 2019 compared to YTD Q3 2018 (i.e. $7,200 - $8,775) multiplied by the Bitcoin sold in YTD Q3 2019 (i.e. 2,672)

3 Calculated as the total Bitcoin Cash, Dash, Ethereum, and Litecoin (each an "Altcoin" and collectively "Altcoins") exchanged into Bitcoin and sold in Q3 2018 multiplied by the YTD Q3 2018 average realized Bitcoin price (i.e. $8,775).

4 Bitcoin Cash ("Altcoin") inventory from Q2 2018 sold directly for USD in Q3 2018.

5 Calculated as the difference in Bitcoin inventory as at Q3 2018 compared to Q3 2019 (i.e. 158 - 0) multiplied by the average realized Bitcoin price for YTD Q3 2019 (i.e. 7,200)

6 Calculated as the Litecoin mined for YTD Q3 2019 (i.e. 7,561) multiplied by YTD Q3 2019 average Litecoin price (i.e. $76)

7 Calculated as the Bitcoin inventory at Dec. 31, 2018 sold in YTD Q3 2019 (i.e. 11) multiplied by YTD Q3 2019 average Bitcoin price (i.e. $7,200)

The most significant factors influencing the net decrease to Bitfarms' revenue for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 presented in the table above are the 19% lower average realized price per Bitcoin of $7,200 during the nine months ended September 30, 2019 compared to $8,775 in the nine months ended September 30, 2018, as well as the sale of significant Bitcoin Cash inventory mined in 2017, and other altcoin mined and sold during the nine months ended September 30, 2018. The preceding factors leading to the comparative decrease to Bitfarms' net revenue for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2019 were offset by the decrease in Bitcoin inventory, consisting of 158 Bitcoin that were held in inventory at September 30, 2018 compared to nil at September 30, 2019. Furthermore, Volta's external revenue increased by $994,000 during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2019.

Bitfarms' cryptocurrencies mined in Q3 2019 compared to Q3 2018 are summarized in the table below:

For the periods ended as indicated	Three months ended			Nine months ended		
	Sep. 30 2019	**Sep. 30 2018**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**% Change**
Bitcoin	**834**	743	12%	**2,646**	2,669	(1%)
Bitcoin Cash	**0**	0	0%	**0**	2,314	(100%)
Litecoin	**1,219**	1,161	5%	**7,561**	4,681	62%
Dash	**0**	296	(100%)	**0**	516	(100%)
Ethereum	**0**	203	(100%)	**0**	797	(100%)

Cost of Sales

Bitfarms' cost of sales for Q3 2019 was $5,276,000 compared to $6,149,000 in Q3 2018. Costs of sales include energy and infrastructure expenses, rental expense, depreciation and amortization, electrician salaries, and, purchases and net change in inventory which are summarized in the table below:

(U.S. $ in thousands except where indicated) For the periods ended as indicated	Three months ended				Nine months ended			
	Sep. 30 2019	**Sep. 30 2018**	**$ Change**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Energy and infrastructure	**2,988**	2,235	753	34%	**7,437**	6,411	1,026	16%
Depreciation and amortization	**1,537**	3,401	(1,864)	(55%)	**4,217**	9,334	(5,117)	(55%)
Electrician salaries	**317**	115	202	176%	**839**	327	512	157%
Purchases and net change in inventory	**434**	398	36	9%	**787**	(16)	803	(5019%)
Cost of sales	**5,276**	6,149	(873)	(14%)	**13,280**	16,056	(2,776)	(17%)

Energy and infrastructure expenses increased by $753,000 or 34% in Q3 2019 compared to Q3 2018. Electricity expense was approximately $900,000 higher in Q3 2019 as compared to Q3 2018 as the Company added new Mining computers which had the effect of increasing electrical consumption from 22 MW at the end of Q3 2018 to 41 MW at the end of Q3 2019. The increase in electricity cost in Q3 2019 compared to Q3 2018 was primarily offset by a decrease in facility rent expense in Q3 2019 of approximately $215,000 compared to Q3 2018 due to the adoption of new accounting standard IFRS 16.

Rent expenses have been reclassified as depreciation and interest expense due to the adoption of IFRS 16 by the Company in 2019.

Depreciation and amortization expense decreased by $1,864,000 in Q3 2019 compared to Q3 2018 due to the impairment loss of $18,500,000 on property, plant and equipment and intangible assets recorded by the Company in Q4 2018. The decrease in depreciation and amortization expense was partially offset by an increase in depreciation and amortization expense of $215,000 in Q3 2019 compared to Q3 2018 resulting from the adoption of IFRS 16 by the Company in January 2019 as the Company amortizes right of use assets over the term of the relevant leases.

Finally, electrician salaries increased by $202,000 or 176% in Q3 2019 compared to Q3 2018 and was primarily due to the fact that the Company hired additional electricians to work on external projects tied to the increase in Volta's external revenues.

Gross Profit

Bitfarms' gross profit for Q3 2019 was $4,463,000 compared to $717,000 for Q3 2018. The gross profit margin increased from 10% to 46% in Q3 2019 compared to Q3 2018 primarily due to the increase in Bitcoin price, as described in detail in the analysis of revenue above as well as the decrease in depreciation and amortization resulting from the impairment recorded by the Company in 2018.

General & Administrative Expenses

Bitfarms' general and administrative expenses decreased $34,000 or 1% in Q3 2019 compared to Q3 2018. There were higher salary expenses of $504,000 in Q3 2019 compared to Q3 2018 for non-cash share-based compensation expense related to employee stock options approved and granted in Q2 2019 that did not exist in Q3 2018. The increase in salaries expense in Q3 2019 compared to Q3 2018 was primarily offset by $394,000 higher professional fees in Q3 2018 compared to Q3 2019 relating to the Company's Israel Arrangement and the preparation of the Company's preliminary prospectus to list in Canada.

Financial Income and Expenses

Bitfarms' financial income for Q3 2019 was $3,425,000 compared to financial income of $nil in Q3 2018 resulting primarily from revaluation of the warrants and embedded derivative creating non-cash gains of $2,588,000 and $831,000, in connection with the Dominion Capital loan described below.

Financial expenses for Q3 2019 was $1,240,000 compared to $39,000 in Q3 2018, the increase is primarily related to interest expense of $1,019,000 incurred on the Dominion Capital loan, as described under Financial Instruments and Risks, which did not exist in Q3 2018. Financial income and expenses are comprised of interest on the Dominion Capital loan financing, warrant issuance costs, gain on embedded derivative, gain on fair value revaluation of the warrants, interest payments in respect of vendor financing, interest expense on the lease liabilities, unrealized foreign exchange losses on translation of lease liabilities in Canadian dollars to the functional currency in US dollars, and interest on Volta's long-term debt repayments and bank charges.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

(U.S.$ in thousands except where indicated)	Three months ended				Nine months ended			
For the periods ended as indicated	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Net income (loss)	**4,309**	(1,712)	6,021	(352%)	**983**	3,026	(2,043)	(68%)
Interest Expense	**1,332**	11	1,321	12009%	**2,146**	121	2,025	1674%
Income Tax Expense	**(17)**	-	(17)	0%	**(17)**	1,791	(1,808)	(101%)
Depreciation/Amortization	**1,537**	3,401	(1,864)	(55%)	**4,217**	9,334	(5,117)	(55%)
EBITDA	**7,161**	1,700	5,461	321%	**7,329**	14,272	(6,943)	(49%)
Stock Compensation Expense	**872**	198	674	340%	**2,443**	581	1,862	320%
Financial income	**(3,425)**	-	(3,425)	0%	**(2,197)**	-	(2,197)	0%
Listing Cost	**-**	-	-	0%	**-**	1,000	(1,000)	(100%)
Impairment	**56**	-	56	0%	**56**	-	56	0%
Other Non-Cash Expenses	**4**	5	(1)	(20%)	**1**	14	(13)	(93%)
Adjusted EBITDA	**4,668**	1,903	2,765	145%	**7,632**	15,867	(8,235)	(52%)

Bitfarms' net income for Q3 2019 was $4,309,000 compared to a net loss of $1,712,000 for Q3 2018. Bitfarms' income tax recovery for the Q3 2019 was $17,000 compared to $nil for Q3 2018. EBITDA and Adjusted EBITDA for Q3 2019 were $7,161,000 and $4,668,000 for Q3 2019 compared to $1,700,000 and $1,903,000, respectively, in Q3 2018. EBITDA and Adjusted EBITDA are non-IFRS performance measures; please refer to the heading "Caution Regarding Non-IFRS Financial Performance Measures" on page 19 regarding the use of non-IFRS Measures.

Reportable Operating Segments

Backbone

(U.S. $ in thousands except where indicated)	Three months ended				Nine months ended			
For the periods ended as indicated	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Revenue	**8,942**	6,760	2,182	32%	**19,630**	27,889	(8,259)	(30%)
Cost of Sales	**4,641**	6,201	-	-	**11,600**	15,177	-	-
Gross profit	**4,301**	559	3,742	669%	**8,030**	12,712	(4,682)	(37%)
Gross margin	**48%**	8%	-	-	**41%**	46%	-	-
G&A and other expenses	**2,201**	1,966	235	12%	**6,916**	6,171	745	12%
Operating income (loss)	**2,100**	(1,407)	3,507	(249%)	**1,114**	6,541	(5,427)	(83%)
Operating margin	**23%**	-21%	-	-	**6%**	23%	-	-
Financial income	**3,425**	-	3,425	-	**2,197**	-	2,197	-
Interest expense (income)	**1,318**	7	1,311	18729%	**2,119**	111	2,008	1809%
Other finance expenses	**(92)**	44	(136)	(309%)	**53**	64	(11)	(17%)
Net income (loss) before tax	**4,299**	(1,458)	5,757	(395%)	**1,139**	6,366	(5,227)	(82%)
EBITDA [(1)]	**7,135**	1,944	5,191	267%	**7,412**	15,793	(8,381)	(53%)
EBITDA margin [(1)]	**80%**	29%	-	-	**38%**	57%	-	-
Adjusted EBITDA [(1)]	**4,642**	2,192	2,450	112%	**7,715**	17,388	(9,673)	(56%)
Adjusted EBITDA margin [(1)]	**52%**	32%	-	-	**39%**	62%	-	-

Notes

(1) EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA margin are non-IFRS performance measures; please refer to the heading "Caution Regarding Non-IFRS Financial Performance Measures" on page 19 regarding the use of non-IFRS Measures.

Volta

(U.S. $ in thousands except where indicated)	Three months ended				Nine months ended			
For the periods ended as indicated	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Revenue	**797**	106	691	652%	**2,256**	1,263	993	79%
Cost of Sales	**635**	(52)	687	(1321%)	**1,680**	879	801	91%
Gross profit	**162**	158	4	3%	**576**	384	192	50%
Gross margin	**20%**	149%	-	-	**26%**	30%	-	-
G&A and other expenses	**172**	181	(9)	(5%)	**469**	462	7	2%
Operating income (loss)	**(10)**	(23)	13	(57%)	**107**	(78)	185	(237%)
Operating margin	**-1%**	(22%)	-	-	**5%**	(6%)	-	-
Interest expense	**14**	4	10	100%	**27**	10	17	100%
Other finance expenses	**0**	12	(12)	0%	**0**	18	(18)	-
Net income (loss) before tax	**(24)**	(39)	15	(38%)	**80**	(106)	186	(175%)
EBITDA (1)	**9**	(29)	38	(131%)	**170**	(78)	248	(318%)
EBITDA margin (1)	**1%**	(27%)	-	-	**8%**	(6%)	-	-
Adjusted EBITDA (1)	**9**	(29)	38	(131%)	**170**	(78)	248	(318%)
Adjusted EBITDA margin (1)	**1%**	(27%)	-	-	**8%**	(6%)	-	-

Notes

(1) EBITDA, EBITDA margin, Adjusted EBITDA, and Adjusted EBITDA margin are non-IFRS performance measures; please refer to the heading "Caution Regarding Non-IFRS Financial Performance Measures" on page 19 regarding the use of non-IFRS Measures.

Selected Quarterly Information

(U.S. $ in thousands except where indicated)	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017 (1)
Revenue	**9,739**	**8,517**	3,629	4,669	6,866	6,592	15,678	8,663
Net income (loss)	**4,309**	**(1,320)**	(2,006)	(21,263)	(1,712)	(1,337)	6,075	4,905
Basic income (Loss) per Share	**0.06**	**(0.01)**	(0.02)	(0.23)	(0.02)	(0.02)	0.12	0.08
Diluted income (Loss) per Share	**0.05**	**(0.01)**	(0.02)	(0.23)	(0.02)	(0.02)	0.12	0.08

(1) The Company's operations began Nov. 6, 2017; Q4 2017 represents 56 days of activity

Liquidity and Capital Resources

Cash Flows

(U.S. $ in thousands except where indicated)	Nine months ended			
For the periods ended as indicated	**Sep. 30 2019**	**Sep. 30 2018**	**$ Change**	**% Change**
Cash & cash equivalents, beginning of the period	**552**	4,518	(3,966)	(88%)
Cash flows from (used in):				
Operating activities	**3,329**	12,597	(9,268)	(74%)
Investing activities	**(19,697)**	(20,972)	1,275	(6%)
Financing activities	**18,279**	4,430	13,849	313%
Cash & cash equivalents, end of the period	**2,463**	573	1,890	330%

Cash Flows from Operating Activities
The cash flow from operating activities was lower during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 primarily due to lower net income in 2019 that resulted from lower realized Bitcoin prices and higher difficulty in 2019 compared to 2018.

Cash Flows used in Investing Activities
The Company had a similar level of cash flows used in investing activities for each of the nine months ended Q3 2019 and Q3 2018. During the nine months ended Q3 2018, the Company made significant investment in the purchase of ASICs, the development of the St. Hyacinthe and Magog facilities as well as the acquisition of the Sherbrooke land and building. The cost of ASICs were significantly higher in 2018 due to limited supply. During the nine months ended Q3 2019, the Company invested in ASICs, electrical components, and Sherbrooke infrastructure build-out. The main reason for the decrease in cash flows used in investing activities during the nine months ended Q3 2019 compared to the nine months ended Q3 2018 is due to the proceeds received for the disposition of a building during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Cash Flows from Financing Activities
During the nine months ended Q3 2019, the Company drew down on all four $5.0 million loan tranches on the $20.0 million debt facility from DC BFL SPV, LLC ("Dominion Capital") which was allocated $14,588,000 to long-term debt and $4,936,000 to the issuance of warrants, net of transaction fees. This was offset by the repayment of lease liability under IFRS 16 of $484,000 and repayment of long-term debt of $837,000. During the nine months ended September 30, 2018 the Company received proceeds of $2,900,000 from the sale and issuance of common shares, held in trust in Q4 2017. In addition, it obtained vendor financing for the acquisition of Miners of approximately $1,800,000. This was partially offset by the repayment of long-term debt of $338,000 during the nine months ended September 30, 2018.

Working Capital

As at September 30, 2019, Bitfarms had a positive working capital balance of $632,000 compared to a working capital deficit of $1,361,000 on December 31, 2018. As at September 30, 2019, Bitfarms had cash and cash equivalents of $2,463,000 compared to $552,000 on December 31, 2018. Cash and cash equivalents are mainly U.S. and Canadian dollar deposits at regulated financial institutions. In addition, Bitfarms did not hold cryptocurrency tokens as at September 30, 2019 compared to $39,000 on December 31, 2018. The balance of cryptocurrency inventories fluctuate as a result of market prices of cryptocurrencies.

Components of Total Debt

The Company expects that cash and cash equivalents and future operating cash flows will enable it to fund its ongoing business requirements, including working capital, planned capital expenditures and financial obligations, over the next twelve months.

Since inception, the Company has primarily financed its growth through retained earnings, vendor financing and, since March 2019, a long-term debt facility. The current portion of long-term debt of Bitfarms was $856,000 as September 30, 2019 compared to $1,025,000 on December 31, 2018. The current maturities of long-term debt may fluctuate due to the variable repayment terms of the loan with Dominion Capital, which are based on 10% the Company's revenues. Bitfarms' long-term debt consists of the following:

(a) Bitfarms purchased Miners in the amount of $2,000,000 and obtained vendor financing with no interest to pay for the purchase in twenty monthly instalments commencing on June 15, 2018. The financing was recorded at a present value of $1,800,000. The outstanding balance of this loan owing was $785,000 as at September 30, 2019;

(b) Volta signed several agreements to purchase vehicles with an outstanding balance of $130,000 as at September 30, 2019. Ten notes payable, bearing interest between 3.49% and 8.2% repayable in monthly instalments totaling $3,500 principal and interest, maturing between November 2019 and October 2025, secured by vehicles having a net carrying value of $157,000;

(c) Volta received long-term vendor financing with an outstanding balance of $130,000 bearing interest at 5.00% payable by monthly instalments of $4,000 principal and interest maturing at September 2022; and

(d) On March 14, 2019, Bitfarms entered into a secured debt financing facility for up to $20.0 million with DC BFL SPV, LLC ("Dominion Capital"). The debt facility is structured into four separate loan tranches of $5.0 million each bearing interest at 10% per annum on the full principal balance of each loan tranche regardless of principal repayments made during the term of each loan tranche. The term of each loan tranche is 24 months with a balloon payment for any remaining outstanding balance at the end the term. A monthly payment equivalent to 10% of the value of cryptocurrencies mined by Bitfarms during the month is required in repayment of the total loan tranches drawn. This amount shall first be applied to accrued interest and the balance to principal and, in the event that the amount of interest owing is greater than the amount of cryptocurrency mined, such additional amount shall be remitted such that the interest is payable in full. The debt facility is fully secured by the assets of Bitfarms on a first priority basis.

In addition to interest, the Company has issued 1,666,667 warrants to Dominion Capital for each loan tranche drawn for a total of 6,666,668 warrants exercisable into common shares of Bitfarms at an exercise price of $0.40 per share. The details of each loan tranche are as follows:

Loan	Drawdown Amount	Drawdown Date	Loan Term	Loan Due Date	Warrants Issued	Warrant Expiry Date
Tranche #1	$5,000,000	March 15, 2019	24 months	March 15, 2021	1,666,667	March 15, 2024
Tranche #2	$5,000,000	April 17, 2019	24 months	April 17, 2021	1,666,667	April 17, 2024
Tranche #3	$5,000,000	June 21, 2019	24 months	June 21, 2021	1,666,667	June 21, 2024
Tranche #4	$5,000,000	August 9, 2019	24 months	August 9, 2021	1,666,667	July 2, 2024
	$20,000,000				**6,666,668**	

As of the date of this MD&A, proceeds from the loan tranches have been used to:

- acquire new Miners for the existing facilities;
- complete the buildout of infrastructure for the first and second phases ("Phase 1" and "Phase 2") of the Company's new facility at Sherbrooke;
- make purchases of new Miners for Phase 1 and Phase 2 of the Company's facility at Sherbrooke; and
- make deposits for the purchase of new Miners that have been delivered in early November 2019 for Phase 2 of the Company's facility at Sherbrooke;

Additional information regarding Phase 1 and Phase 2 are provided below (see "Sherbrooke Expansion") as well as in the prospectus of the Company dated June 12, 2019, available on www.sedar.com under the Company's profile.

Capital Resources

Bitfarms' capital management objective is to ensure its ability to maximize the return to its shareholders. In order to achieve this objective, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks to which the Company is exposed. The Company's strategy for achieving this objective is maintaining a strong capital base so as to maintain investor confidence to sustain future development of the business, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations, and ensuring sufficient liquidity to pursue organic growth. Bitfarms may manage its capital structure by issuing equity, obtaining loan financing, adjusting capital spending, or disposing of assets. As at September 30, 2019, the terms of the Dominion Capital loan require Bitfarms to keep a minimum bank balance of $1,000,000 at all times. However, Dominion Capital reached an agreement with the Company in order to postpone this loan clause until December 31, 2019. The Company is not subject to any other externally imposed capital requirements.

Purchase commitments
On June 21, 2019, the Company entered into an agreement to purchase mining hardware for $4,437,000. The Company has placed deposits with the vendor of the equipment totaling approximately $3,100,000 as of September 30, 2019. The remaining balance was paid for and the equipment was received in Q4 2019.

Sherbrooke Expansion
In 2018, Bitfarms entered into a 98.0 MW power contract in the municipality of Sherbrooke, Québec to be deployed at new server farm facilities in Sherbrooke (herein referred to as, the "Sherbrooke Expansion"). The construction of the Sherbrooke Expansion is anticipated to be completed in six Phases based on megawatt capacity: Phase 1 – 12MW; Phase 2 – 18 megawatts; Phase 3 – 12 MW; Phase 4 - 18 megawatts; Phase 5 – 19 megawatts; and, Phase 6 – 19 megawatts. As at the date of this MD&A, the following steps have been taken by Bitfarms with respect to the Sherbrooke Expansion:

- Two industrial real estate properties in the municipality of Sherbrooke were acquired for a total purchase price of approximately CAD$4,750,000 with a total aggregate area of approximately

114,000 sq. These properties consisted of a 78,000 sq. foot facility (the "Sherwood Property"), and a 36,000 sq. foot facility (the "Leger Property"). On February 11, 2019, the Leger Property was sold for CAD$1,750,000 and as part of the agreement reached with the buyer, a real estate developer, the buyer agreed to construct a purpose-built addition to the building for crypto-mining that would be leased to Bitfarms and allow it to realize net savings in its overall future buildout costs for the Sherbrooke Expansion while also providing immediate working capital from the proceeds of the building sale;

- A total of 30 megawatts of electrical distribution infrastructure for Phase 1 and Phase 2 of the Sherbrooke Expansion have been installed at the Sherwood Property and are operational;

- Electricity supply agreements have been entered into with Hydro-Sherbrooke. Hydro-Sherbrooke is a regional public utility company that distributes electric power. It is the second largest distributer of energy in the province of Québec next only to Hydro-Québec. Hydro-Sherbrooke operates nine hydroelectric power generation stations; and

- For Phase 1 and Phase 2 of the Sherbrooke Expansion, 10,050 new generation miners were acquired and installed at the Sherwood Property for $14,900,000 (a small portion of the Miners have been reallocated to the Magog facility).

As of the date of this MD&A, the Company has successfully completed Phases 1&2 and is in the process of optimizing the Miners to reach full capacity. To complete each remaining phase of the Sherbrooke Expansion, Bitfarms will need to incur infrastructure buildout costs including exhaust structure, mining structure and building modifications, as well as sourcing of mining hardware and electrical components. The capital cost for the construction of the remaining Phases 3 through 6 is currently estimated to range between $45,000,000 to $55,000,000, inclusive of Miner purchases based on recent hardware pricing. These costs will be divided between both properties, with the majority being allocated to the Leger Property.

The ability to undertake the construction of Phases 3 through 6 of the Sherbrooke Expansion depends, among other things, on the Company's ability to raise the required financing. As a result, there is no definitive or planned timetable for Phases 3 through 6 of the Sherbrooke Expansion. The Company intends to finance the remainder of the construction of Phases 3 through 6 of the Sherbrooke Expansion by raising additional debt or equity capital or a combination of these means, as well as through the cash flow generated from its operations. There can be no assurance that the remaining Sherbrooke Expansion will be fully funded and undertaken at this time on any particular schedule or at all.

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements, aside from the purchase commitments described above, which could have an effect on current or future results or operations, or the financial condition of Bitfarms.

Share Capital

As of the date of this MD&A, the Company has 83,624,980 common shares, 2,601,667 vested employee stock options and 6,416,668 warrants to Dominion Capital issued and outstanding, as well as 300,000 other warrants.

Financial Instruments & Risks

It is anticipated that in the normal course of operations, Bitfarms will be exposed to exchange risk, foreign currency risk and credit risk.

Dominion Capital loan

As of September 30, 2019, the Dominion Capital loan consisted of four $5.0 million tranches that were drawn down from the financing facility, which included a total of four available $5.0 million loan tranches (please refer to the Components of Total Debt section above). The features of the loan, which include the issuance of 1,666,667 warrants per tranche with an exercise price of $0.40, as well as a make-whole interest clause resulted in a financial liability accounted for at amortized cost, warrant liabilities previously recorded at fair value through profit or loss which were reclassified to equity during the period, and an embedded derivative recorded at fair value through profit or loss. The purpose of the loan is to provide the Company with additional funds to achieve its growth objectives, notably, the buildout of the first two phases of the Sherbrooke project.

Financial instrument at amortized cost

Management used significant judgement and estimates when determining the effective interest rate of the financial liability accounted for at amortized cost. Payment amounts are determined as 10% of the cryptocurrency mined by Bitfarms. In order to calculate the effective interest rate, management had to estimate Bitfarms' future cryptocurrency mining revenues in order to estimate the timing and amount of future loan repayments. The effective interest rate was determined to be 26.93%, 30.16% , 37.10% and 38.02% for the first, second and third and fourth tranches, respectively. Management had to make key assumptions in estimating the revenues, including Bitcoin price, Network Difficulty and the Company's internal hashrate. The weighted average Bitcoin price and Network Difficulty used in the projections upon the inception of Tranches #1 and #2 were $5,400 and 5.36X10^12, respectively. The weighted average Bitcoin price and Network Difficulty used in the projections upon the inception of Tranche #3 and Tranche #4 were $10,200 and 7.82X10^12, and $13,900 and 1.32X10^13, respectively. The component of the financial instrument carried at amortized cost resulted in interest expense of $1,615,000 included in financial expenses for the nine month period ended September 30, 2019.

Warrants

Upon inception of the loan, the warrants contained an anti-dilutive feature that would have resulted in a reduction in the exercise price in the event that Bitfarms Ltd. were to issue shares at a price lower than the exercise price. As a result of this feature, the warrants would not necessarily have resulted in a fixed number of shares being issued for a fixed price. The possibility of variation in the settlement price resulted in the warrants being classified as a liability that is measured at fair value through profit or loss. On September 27, 2019 the Company received all necessary approvals in order to remove the anti-dilutive feature, resulting in the reclassification and remeasurement of the warrants at their fair market value on the reclassification date, based on the inputs below. In exchange for removal of the anti-dilutive feature, the Company agreed not to issue common shares below the exercise price of $0.40 USD during the term of the loan with the lender. The remeasurement resulted in gains of $2,558,000 and $1,776,000 for the three and nine months ended September 30, 2019, included in financial expenses.

	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**	**September 27, 2019**
Dividend yield (%)	-	-	-	-	-
Expected volatility of the share price (%)	110%	114%	114%	115%	114%
Risk-free interest rate (%)	2.4%	2.4%	1.8%	1.6%	-
Expected life of warrants (years)	5	5	5	5	4.47-4.87
Share price (U.S. Dollar)	0.62	0.73	0.83 *)	1.06	0.57
Warrant value (U.S. Dollar)	0.57	0.68	0.77	0.94	0.47
Quantity of warrants	1,666,667	1,666,667	1,666,667	1,666,667	6,666,668
Total value	**$ 946,000**	**$ 1,137,000**	**$ 1,283,000**	**$ 1,570,000**	**$ 3,160,000**

*) As of the drawdown date of Tranche 3 as well as at June 30, 2019 the Company was not publicly traded. As a result, a linear regression model was used to estimate the share price as of the valuation dates. The linear regression model used a weighted average of the last five days of trading on the Tel Aviv Stock Exchange as well as the five days of trading on the TSXV ending August 2, 2019.

Embedded derivative

The value of the "make-whole" clause described above will vary based on management's projections of the timing of the loan repayment, which are based on Bitfarms' cryptocurrency mining revenues. This interest feature has been accounted for as an embedded derivative that is measured at fair value through profit or loss. Since this is a non-option derivative, the fair value upon initial recognition of the loan liability is nil. As of September 30, 2019, management revised its projections of the timing of the loan repayment and discounted future payments to their present value using the effective interest rates determined upon inception of each loan tranche. As of September 30, 2019, management recognized an embedded derivative asset with a value of $422,000 resulting in a gain of $831,000 in financial income. Any change in management's assumptions of Bitcoin price, Bitcoin Network Difficulty and the Company's internal hashrate may have a material impact on profit of loss upon remeasurement in subsequent periods.

Credit risk

Credit risk is the risk of an unexpected loss if a third party fails to meet its contractual obligations, including cash and cash equivalents, accounts receivable and long-term deposits. The risk regarding cash and cash equivalents is mitigated by holding the cash and cash equivalents through Canadian chartered banks. The credit risk regarding trade receivables are derived mainly from sales to Volta's third-party customers. The Company performs ongoing credit evaluations of its customers. The Company places deposits with suppliers of cryptocurrency mining hardware in the normal course of operations in order to secure orders and delivery dates. The Company deals with major suppliers of cryptocurrency equipment and routinely maintains strong relationships with suppliers and evaluates the mining hardware market. Other long-term deposits include deposits with local government run energy producers. The Company is also exposed to credit risk through conversion of cryptocurrency to fiat currency through the use of cryptocurrency exchanges. The Company maintains relationships with multiple exchanges and mitigates credit risk by routinely converting cryptocurrency to fiat currency to limit exposure. Furthermore, the Company routinely performs ongoing evaluations of cryptocurrency exchanges.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its financial obligations when they are due. The Company's policy is to monitor its cash balances and planned cash flows generated from operations to ensure, as far as possible, that it maintains sufficient liquidity in order to pay its projected financial liabilities. The contractual maturities of trade and other payables are less than three months. Long-term debt includes financial obligations with contractual maturities, including principal and interest, as follows:

2019:	$1,483,000
2020:	$4,613,000
2021:	$17,137,000
Total	**$23,233,000**

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the US Dollar as all its revenue, excluding Volta, and most of its capital expenditures are transacted in US dollars. The Company is exposed to variability in the Canadian dollar to US dollar exchange rate when paying operating expenses incurred and payable in Canadian dollars. The Company funds foreign currency transactions by buying the foreign currency at the spot rate when required. Management does not currently hedge its foreign currency risk.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Company is primarily engaged in the cryptocurrency mining industry that is a highly volatile market with significant inherent risk. A significant decline in the market prices of cryptocurrencies, an increase in the difficulty of cryptocurrency mining, changes in the regulatory environment and adverse changes in other inherent risks can significantly negatively impact the Company's operations. The Company does not currently hedge the conversion of cryptocurrencies to fiat currency.

Custody of Crypto Asset Risk

Cryptocurrencies are controllable by the possessors of the unique public key and private key relating to the digital wallet used to store the cryptocurrencies. If keys are lost, stolen or destroyed this could result in a loss for the Company. In order to mitigate the risk of loss of cryptocurrencies the Company sells cryptocurrency routinely and uses multi-signature digital wallets to store cryptocurrency until its eventual sale. The digital wallets used for Bitcoin and Litecoin require 2 out of 3, and 2 out of 5 individuals, respectively, in order to approve a spending transaction. Each of the users has a separate password that is not known by the other users. The transactions can only be initiated from the physical computer where the multi-signature wallet is installed for each user. In order to install the multi-signature wallet on a computer, twelve "seed" words that are distinct to each user are required, which are physically stored offline in confidential locations offsite.

Security breaches and hacking have been prevalent in cryptocurrency exchanges. The Company mitigates this risk by performing ongoing evaluations of exchanges, and routinely converting cryptocurrencies to fiat currency so that no material amount of crypto assets is held at any given time.

Related Party Transactions

During the three and nine month periods ended September 30, 2019, the Company had the following transactions with related parties:

1. Bitfarms was charged approximately $40,000 and $119,000 for the three and nine month periods ended September 30, 2019 (three and nine month periods ended September 30, 2018 - $88,000 and $183,000) for telecommunication expenses by a company in which a former director and significant shareholder, Pierre-Luc Quimper (who resigned as of October 3, 2019), has significant influence.

   In addition, Bitfarms made rent payments totaling approximately $125,000 and $447,000 for the three and nine months periods ended September 30, 2019 (three and nine month periods ended September 30, 2018 - $125,000 and $446,000) to companies controlled by a director and officer, Emiliano Grodzki and Mathieu Vachon and a former director, Pierre-Luc Quimper. For the three and nine months periods ended September 30, 2019 the rent payments were classified as interest included in financial expenses and principal repayment of lease liabilities. For the three and nine months periods ended September 30, 2018 rent payments were included in cost of sales.

2. Bitfarms entered into consulting agreements with two of the directors, Nicolas Bonta and Emiliano Grodzki. The consulting fees charged by directors totaled approximately $100,000 and $300,000 for the three and nine months periods ended September 30, 2019 ($100,000 and $347,000 for the three and nine months periods ended September 30, 2018).

3. Bitfarms sold 627 Bitcoin for the three and nine months ended September 30, 2019 (518 Bitcoin and 2,757 Bitcoin for the three and nine months ended September 30, 2018) to a company of which, at the time of such sales, had a director, Roy Sebag, who was also a shareholder of Bitfarms Ltd. (Israel) for $2,283,000 ($3,761,000 and $24,889,000 for the three and nine months ended September 30, 2018). The company which Bitfarms sold Bitcoin to ceased operating in the cryptocurrency industry as of March 11, 2019, and since that date Bitfarms has not transacted with this company.

4. On June 12, 2019, Mathieu Vachon and Pierre-Luc Quimper, two of Bitfarms founding shareholders exchanged 17,335,090 exchangeable shares of Backbone into 17,335,090 common shares of the Company.

Transactions 1. through 3. listed above were incurred in the normal course of operations.

Recent and Subsequent Events

New Lease Agreement

On October 1, 2019 a new lease for the Company's office in Toronto became effective. The lease term is five years with two, two year renewal options. Monthly rent is approximately $7,600 ($10,000 CAD) and the lease agreement resulted in the recognition of a right-of-use asset and lease liability in the amount of $365,000.

Change of Director and Officer

On, October 3, 2019 Pierre-Luc Quimper resigned as a director and officer of the Company. On October 18, 2019 Mathieu Vachon, a Company founder, was appointed to Executive Vice President, Technology and Operations.

Sherbrooke Consultations

In response to a complaint concerning noise at the Sherwood Property, the Company has met with officials of the municipality of Sherbrooke and community residents on several occasions during the months of October and November to consult on implemented, and further, sound mitigating measures.

Completion of Mining Hardware Purchase

In November 2019 the Company took delivery of 2,250 new generation WhatsMiner M20S miners, which are expected to add approximately 153 PH/s to the Company's installed computing power.

Warrant exercise

On November 22, 2019 Dominion Capital exercised 250,000 of warrants resulting in proceeds of $100,000 being paid to the Company.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments. Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2019 is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- the availability of financing opportunities and risks associated with economic conditions, including Bitcoin price and Bitcoin network difficulty;
- the ability to service debt obligations and maintain flexibility in respect of debt covenants;
- the speculative and competitive nature of the technology sector;
- dependency in continued growth in blockchain and cryptocurrency usage;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- government regulation; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities authorities, including without limitation, the section entitled "Part III – Risk Factors" in the Company's non-offering prospectus dated June 12, 2019. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Caution Regarding Non-IFRS Financial Performance Measures

This MD&A makes reference to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. The Company uses non-IFRS measures including "EBITDA," "EBITDA margin," "Adjusted EBITDA," "Adjusted EBITDA margin," "Gross mining profit," and "Gross mining margin" as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective.

EBITDA and EBITDA margin are common measures used to assess profitability before the impact of different financing methods, income taxes, depreciation of capital assets and amortization of intangible assets. Adjusted EBITDA and Adjusted EBITDA margin are measures used to assess profitability before the impact of all of the items in calculating EBITDA in addition to certain other non-cash expenses. Gross mining profit and Gross mining margin are measures used to assess profitability after power costs in cryptocurrency production, the largest variable expense in mining. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets.

"EBITDA" is defined as net income (loss) before: (i) interest expense; (ii) income tax expense; and (iii) depreciation and amortization. "EBITDA margin" is defined as the percentage obtained when dividing EBITDA by Revenue. "Adjusted EBITDA" is defined as EBITDA adjusted to exclude: (i) share-based compensation; (ii) non-cash finance expenses; (iii) asset impairment charges; and (iv) other non-cash expenses. "Adjusted EBITDA margin" is defined as the percentage obtained when dividing Adjusted EBITDA by Revenue. "Gross mining profit" is defined as Revenue minus energy and infrastructure expenses for the Backbone segment of the Company. "Gross mining margin" is defined as the percentage obtained when dividing Gross mining margin by Revenue for the Backbone segment of the Company.

These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.
In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Glossary of Terms

ASIC: ASIC stands for Application Specific Integrated Circuit and refers primarily to specific computer devices designed to solve the SHA-256 algorithm, as well as other machines used in the mining of Litecoin which use the Scrypt algorithm.

Bitcoin: Bitcoin is a decentralized digital currency that is not controlled by any centralized authority (e.g. a government, financial institution or regulatory organization) that can be sent from user to user on the Bitcoin network without the need for intermediaries to clear transactions. Transactions are verified through the process of Mining and recorded in a public ledger known as the Blockchain. Bitcoin is created when the Bitcoin network issues Block Rewards through the Mining process.

Block Reward: A Bitcoin block reward refers to the new bitcoins that are awarded by the Blockchain network to eligible cryptocurrency miners for each block they successfully mine. The current block reward is 12.5 Bitcoin per block.

Blockchain: A Blockchain is a cloud-based public ledger that exists on computers that participate on the network globally. The Blockchain grows as new sets of data, or 'blocks', are added to it through Mining. Each block contains a timestamp and a link to the previous block, such that the series of blocks form a continuous chain. Given that each block has a separate hash and each hash requires information from the previous block, altering information an established block would require recalculating all the hashes on the Blockchain which would require an enormous and impracticable amount of computing power. As a result, once a block is added to the Blockchain it is very difficult to edit and impossible to delete.

Hash: A hash is a function that converts or maps an input of letters and numbers into an encrypted output of a fixed length, which outputs are often referred to as hashes. A hash is created using an algorithm. The algorithm used in the validation of Bitcoin transactions is the SHA-256 algorithm.

Hashrate: Hashrate refers to the number of hash operations performed per second and is a measure of computing power in Mining cryptocurrency.

Israel Arrangement: Refers to the means the arrangement pursuant to Sections 350-351 of the Israeli Companies Law between Bitfarms and Bitfarms Israel, a corporation incorporated pursuant to the laws of Israel ("Bitfarms Israel"), pursuant to which, among other things, Bitfarms acquired 100% of the issued and outstanding shares of Bitfarms Israel in exchange for 39,739,785 Bitfarms Shares, on a one-for-one basis.

Megawatt: A megawatt is 1,000 kilowatts of electricity and, in the industry of cryptocurrency mining, is typically a reference to the number of megawatts of electricity per hour that is available for use.

Miners: ASICs used by the Company to perform Mining.

Mining: Mining refers to the process of using specialized computer hardware, and in the case of the Company, ASICs, to perform mathematical calculations to confirm transactions and increase security for the Bitcoin Blockchain. As a reward for their services, Bitcoin Miners collect transaction fees for the transactions they confirm, along with newly created Bitcoins as Block Rewards.

Network Difficulty: Network difficulty is a unitless measure of how difficult it is to find a hash below a given target. The Bitcoin network protocol automatically adjusts Network Difficulty by changing the target every 2,016 blocks hashed based on the time it took for the total computing power used in Bitcoin mining to solve the previous 2,016 blocks such that the average time to solve each block is ten minutes.

Network Hashrate: Network Hashrate refers to the total global Hashrate (and related computing power) used in Mining for a given cryptocurrency.

Petahash: One quadrillion (1,000,000,000,000,000) hashes per second or one thousand Terahash.

SHA-256: SHA stands for Secure Hash Algorithm. The SHA-256 algorithm was designed by the US National Security Agency and is the cryptographic hash function used within the Bitcoin network to validate transactions on the Bitcoin Blockchain.

Terahash: One trillion (1,000,000,000,000) hashes per second.