MGX MINERALS INC.

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MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED APRIL 30, 2021

The following Management's Discussion and Analysis ("MD&A"), prepared as of June 30, 2021, should be read in conjunction with the unaudited condensed interim consolidated financial statements of MGX Minerals Inc. ("MGX" or "the Company") for the three and nine months ended April 30, 2021, together with the audited consolidated financial statements of the Company for the year ended July 31, 2020 and the accompanying MD&A for that fiscal year. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All financial amounts are stated in Canadian Dollars unless stated otherwise.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

The Company's condensed interim consolidated financial statements for the three and nine months ended April 30, 2021, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of June 30, 2021.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. All statements, other than statements of historical fact, included herein, including without limitation, statements about potential mineralization at the Company's properties, the timelines to complete exploration programs or technical reports and statements about the Company's future development of its properties. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of commodities; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Additional risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, except as required by law, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company is engaged in the acquisition, exploration and development of mineral resource properties and industrial technologies. The Company operates and invests in mineral properties located in Canada. The Company's mineral property portfolio consists of lithium, magnesium oxide, silca, niobium-tantulum, and gold properties. The Company owns, operates and sells water treatment systems to the oil and gas industry through its 60% owned partner PurLucid Treatment Solutions ("PurLucid") who continues to develop advanced water treatment technology. The Company owns rapid lithium extraction technology from brine which eliminates the need for solar evaporation. The head office is located at Suite 303, 1080 Howe Street, Vancouver, British Columbia, Canada, V6Z 2T1.

On July 4, 2014, the Company completed a reverse takeover transaction (the “RTO” or the “Transaction”) by Manto Gold Corp. (“Manto” or the “Subsidiary”). In connection with closing of the Transaction, “Defiant Minerals Corp.” (“Defiant”) changed its name to “MGX Minerals Inc.” and Manto became the wholly-owned subsidiary of the Company.

OVERALL PERFORMANCE

During the nine months ended April 30, 2021 the Company issued 9,416,755 common shares fair valued at $638,455 to settle debt of $582,222 and recorded a loss on debt settlement of $56,233.

During the period ended April 30, 2021 Patrick Power resigned as CEO and Director of MGX and was replaced by Andris Kikauka CEO. Neil Foran, CFO, was appointed to the board of directors.

The Company has reported Initial Gold Assays Up to 6 Ounce per Tonne from select Bulk Samples at its Heino Gold Deposit. Six 0.5kg to 1kg, samples were taken at the 2030 Portal of the Heino-Money Pit Zone during the SRK Consulting (Canada) Site Visit July 8th, 2020. Samples were shipped under direct chain of custody to ALS Canada Ltd. in Kamloops, British Columbia, crushed and pulverized, with further shipment to ALS Canada Ltd, North Vancouver, B.C. under custody of ALS Canada Ltd. The samples have undergone gold analysis by fire assay and gravimetric finish up to 6 ounces per tonne Au are reported. SRK has recommended a work program primarily comprising of confirmatory drilling in support of the resources estimate prepared in accordance with the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects. In September, MGX was pleased to announce preliminary assay and metallurgy results for extraction of gold from mineralized rock from the Heino Gold Deposit by ALS Global Canada. Three composite samples from a single 150kg bulk sample has averaged 17.3 grams per tonne gold and 20% recovery of gold by crushing and screen and up to 63.3 grams per tonne gold with a 53% recovery by screening. This is to be considered free gold recovery, prior to flotation or other extraction method.

The Company also announced Development of Novel Surface Coating for Si Anode in Next-Generation Lithium Ion Batteries. MGX reported that its collaborative research partnership with the University of British Columbia (UBC) has developed a new multifunctional surface coating, aluminum oxynitride, by an advanced atomic layer deposition technique. With this thin surface coating, the Si anode exhibited advancement in the design of artificial solid electrolyte interphase for Si anode. The team is further integrating this novel coating in their existing graphite/silicon anode to make it commercially viable. The MGX, UBC partnership is targeting to develop highly efficient, long-lasting silicon anode that will aide in the development of next generation lithium-ion batteries capable of increasing energy density from the current standard of ~ 200 Wh/kg up to 400 Wh/kg for use in long-range electric vehicles and grid-scale energy storage. The project will utilize low-cost MGX metallurgical-grade silicon as a feedstock to fabricate nanostructured silicon. The Company plans to build a laboratory in the Province of British Columbia and is actively seeking licensing and electric vehicle manufacturing partners.

DISCUSSION OF OPERATIONS

Nine Months Ended April 30, 2021
The Company recorded a loss of $206,853 ($0.01 per share) for the nine months ended April 30, 2021, as compared to a net loss of $5,894,720 ($0.05 per share) for the nine months ended April 30, 2020.

The change in income for the nine months ended April 30, 2021 is due to the following:

- Exploration expense increased to $218,782 during the nine months ended April 30, 2021 from $58,879 during the period ended April 30, 2020. The increase was related to work done on the Tillicum Claims.
- Advertising and promotion expense increased to $132,367 (2020 - $58,575), the increase is due to increased activity during the quarter following the claim settlements.
- Consulting fees decreased to $453,275 (2020 - $1,259,161) as the Company has reduced the number of external consultants to preserve cash flow.
- The Company incurred research and development costs of $48,750 (2020 - $753,544), the decrease is due to the inactivity at PurLucid as the Company is in the process of finding a new CEO for PurLucid.

- During the nine months ended April 30, 2021 the Company recorded grant revenue of $54,744 (2020 - $2,914,800) through its subsidiary PurLucid relating to prior expenditures for which the Company has been reimbursed.
- Travel and entertainment decreased to $4,961 (2020 - $139,097) primarily due to restrictions from the COVID-19 pandemic.
- During the nine months ended April 30, 2021, the Company recorded a gain on fair value of investments of $1,349,331 (2020 –$1,105,713) on the valuation of the Zinc8 shares held by the Company.

Three months ended April 30, 2021

The Company recorded net loss of $901,472 (2020 – net loss of $5,512,338) during the three months ended April 30, 2021, the change in income compared to the period ended April 30, 2020 is primarily due to the following:

- Consulting fees decreased to $nil (2020 - $202,117) as the Company has reduced the number of external consultants to preserve cash flow.
- The Company incurred research and development costs of $30,000 (2020 - $212,477) related to the development of the lithium Ion batteries as part of the Company's partnership with UBC.
- Office and administration expense decreased to $34,653 (2020 - $59,445) as the Company has no office rental expense and is focused on preserving cash flow.
- Salaries expense decreased from $166,041 during the three months ended April 30, 2020 to $25,800 primarily due to a reduction in activity at PurLucid.
- During the three months ended April 30, 2021 the Company recorded an unrealized loss on fair value of investments of $628,229 (2020 – gain of $1,125,713) related to the valuation of Zinc8 shares held by the Company.

SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

	Three Months Ended ($)			
	April 30, 2021	**January 31, 2021**	**October 31, 2020**	**July 31, 2020**
Income (loss) and comprehensive income (loss)	(901,472)	1,929,403	(1,234,785)	(17,826,846)
Basic and diluted earnings (loss) per share*	(0.01)	0.01	(0.01)	(0.13)
Total assets	11,517,108	12,447,522	10,426,657	12,106,194
Working capital (deficit)	(11,841,696)	(11,836,468)	(11,903,563)	(12,020,471)

	Three Months Ended ($)			
	April 30, 2020	**January 31, 2020**	**October 31, 2019**	**July 31, 2019**
Loss and comprehensive loss	(5,512,338)	(783,549)	(854,884)	(10,833,880)
Basic and diluted loss per share*	(0.04)	(0.00)	(0.01)	(0.07)
Total assets	23,318,641	26,399,844	26,577,311	26,734,303
Working capital	(8,347,234)	(6,466,756)	(5,660,145)	(5,889,417)

* No exercise or conversion is assumed during the periods in which a loss is incurred, as the effect is anti-dilutive.

The net income during the period ended April 30, 2021 is due to an unrealized gain on fair value of investments of $1,977,560.

The increase in net loss during the period ended July 31, 2020 is due to the write-off of the intangible asset related to PurLucid of $10,709,117.

The increase in loss for the quarter ended April 30, 2020 is primarily due to the Company recording a loss on debt settlement related to the loan settlement with Zinc8 and a ruling against the Company in its arbitration hearing with Dawson Geophysics.

The decrease in loss for the quarter ended October 31, 2019 is due to grant revenue of $1,966,090 received in PurLucid and decreased exploration and promotional spending in MGX. The decrease in loss during the period ended April 30, 2020 is due to reduced activity and limited cash flow.

The increase in net loss during the period ended July 31, 2019 is due to the write-down of mineral property acquisition costs of $8,931,374. This was offset by a gain from discontinued operations of $425,282 related to the Spin-out of Zinc8.

Investment in MGX Renewables (Formerly ZincNyx Energy Solutions)

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire Zinc8 Energy Solutions. Pursuant to the definitive agreement the Company made a one-time cash payment of $250,000 and issued 4,784,258 common shares fair valued at $4,784,258. Zinc8 is a development stage company specializing in the development of zinc air batteries and modular energy storage systems. On June 26, 2019 the Company completed a spin-out transaction whereby MGX distributed 11,991,761 common shares of Zinc8 as a return of capital reducing its interest in Zinc8 from 100% to 46.4%.

Upon completion of the Spinout MGX settled $420,000 of debt in exchange for 3,111,110 shares of Zinc8, the shares were fair valued at $420,000 so no gain on debt settlement was recorded. The Company also sold 300,000 shares for proceeds of $43,680. As at July 31, 2019 the Company held 14,597,129 shares of Zinc8 representing 37.63% of all outstanding shares of Zinc8.

On April 4, 2020 the Company agreed to sell 5,500,000 shares of Zinc8, to a third party, as part of the Settlement for proceeds of $550,000, of which $519,207 was received and $30,793 is still receivable, as part of the Settlement the Company agreed to deposit a portion of it shareholdings in Zinc8 in escrow. Upon completion of the Settlement the Company held 7,616,629 shares of Zinc8. As a result of the settlement and dilution of its holdings in Zinc8 the Company's ownership percentage decreased to less than 10% and the Company no longer maintains significant influence in Zinc8s operations and therefore will not account for its investment using the equity method. The Company has recorded the remainder of its investment in Zinc8 as a fair value through profit or loss financial instrument.

During the period ended April 30, 2021, the Company sold 2,915,486 shares of Zinc8 for proceeds of $966,658. As at April 30, 2021 the Company held 4,701,143 shares of Zinc8 and they were fair valued at $2,256,549. As at April 30, 2021 the shares of Zinc8 were held in escrow.

The balance of the Company's investment in Zinc8 is as follows:

	$
Balance, as at July 31, 2019	**3,063,778**
Sale of shares for proceeds	(807,811)
Loss on equity investment	(1,058,608)
Fair value gain on investment	668,715
Balance, as at July 31, 2020	**1,866,074**
Sale of shares for proceeds	(966,658)
Fair value gain on investment	1,357,132
Balance, as at April 30, 2021	**2,256,549**

On June 30, 2018 the Company entered into a loan agreement (the "Loan Agreement") with Zinc8 Energy Solutions Inc., which was at the time a wholly-owned subsidiary of the Company. As at June 30, 2018 the Company had advanced $2,952,222 to Zinc8, these amounts were due on demand and non-interest bearing. The Loan Agreement replaced the existing advances payable with a long-term loan receivable bearing interest at 12% per annum, and due on December 31, 2020. Additional advances by the Company are under the same terms as the Loan Agreement. The loan receivable was previously eliminated on consolidation.

On April 4, 2020 the Company agreed to a debt settlement (the "Settlement") with Zinc8 to settle the balance owing of $5,236,152 for $1,500,000. As per the terms of the debt settlement the Company recorded a loss on debt settlement of $3,736,152. As part of the debt settlement the Company agreed to dispose of a portion of its Zinc8 shares as per Note 11. During the year ended July 31, 2020 the Company received $880,000.

The balance of the loan at April 30, 2021 is as follows:

	$
Balance, July 31, 2019	**4,927,977**
Advances	5,500
Interest	302,675
Settlement	(3,736,152)
Repayment	(880,000)
Balance, July 31, 2020	**620,000**
Repayment	(620,000)
Balance, April 30, 2021	**-**

Investment in PurLucid

During the year ended July 31, 2018 the Company acquired a 55% interest in PurLucid, for full details on the acquisition of PurLucid refer to note 19 of the accompanying financial statements for the period ended July 31, 2019. PurLucid has developed a high temperature filtration system for the purification of waste water and geothermal brines. PurLucid has developed a low energy design process that removes scale-forming ions and dissolved salts while not requiring a reduction in brine temperatures for filtration to occur. The PurLucid technology separates impurities from oil and gas wastewater and produceds clean water as a final product. MGX continues development of its Rapid Lithium Brine ("RBL") extraction technology which would work in conjunction with PurLucid's water treatment units.

On November 26, 2018, PurLucid had processed the first shipment of 40m^3 wastewater brine from an oilsands customer. Purlucid used the 5m^3 unit, capable of 750 barrels per day ("BPD") of processing, to treat highly concentrated evaporator blowdown wastewater ("EBD"). PurLucid will analyze the results for the first processed wastewater and make improvements as necessary to have the unit ready for full time commercial use.

PurLucid has completed work on a new 10m^3 high temperature system, capable of 1,500BPD, that is not yet deployed. PurLucid is also developing a 20m^3 system utilized to treat one-through steam generator boiler blowdown brine.

Eureka Joint Venture

During the year ended July 31, 2019 the Company entered into a Joint Venture (the "JV Agreement") with Eureka Resources LLC. ("Eureka") whereby MGX will deploy its rapid lithium extraction unit acquired from PurLucid, along with additional components provided by PurLucid, at Eureka's waste water treatment facility in Wysox Pennsylvania. The JV Agreement states that MGX and Eureka will share revenue received by MGX from sales of lithium chloride and other agreed upon minerals that are extracted from Marcellus Shale produced water that has first been treated at Eureka's waste water treatment facility using Eureka's intellectual property. The Marcellus Shale produced water will then be treated by MGX for rapid extraction of lithium chloride and other minerals. The JV Agreement has a term of 5 years commencing on the date the MGX unit is ready for use at the Eureka waste water facility, upon mutual agreement the term can be extended for an additional two years at which point upon mutual agreement there can be an additional 2 year extension of the term.

As per the JV Agreement, MGX will be responsible for all costs associated with the installation of its unit, provisions of raw materials to operate the unit, any repairs and maintenance of the unit and any and all costs and taxes associated with the sale or transfer of Lithium Chloride or other minerals. Eureka will be responsible for ensuring the treated waste water is made available to the MGX Unit and for the associated costs. During the first 24 months of the JV Agreement, 35% of gross revenue will be payable to Eureka and 65% of gross revenue shall be retained by MGX. For the remainder of the agreement the gross revenue will be split with each party receiving 50%.

The MGX Unit was shipped to the waste water facility in September of 2019 with commissioning and initial operations under way in October of 2019 with small amounts of lithium chloride being produced. During the period ended July 31, 2020, PurLucid removed their unit offsite and the CEO of PurLucid claimed to have cancelled the lithium extraction technology agreement with MGX and as such MGX has advised the CEO that he is in gross breach of duty. On May 19, 2020 the former CEO agreed to resign from his position as CEO of PurLucid and dropped all legal claims against the Company.

MINERAL PROPERTIES

The following table summarizes the Company's mineral property assets as at April 30, 2021 and July 31, 2020 and the changes for the periods then ended, and exploration expenditures for the nine months ended April 30, 2021.

	Driftwood	Fran	Tillicum Gold	Canada Lithium	Silica Projects	Total
	$	$	$	$	$	$
Balance, July 31, 2020	**230,231**	**414,429**	**175,000**	**2,005,000**	**591,000**	**3,415,660**
Paid in cash	-	-	335,000	-	-	335,000
Balance, April 30, 2021	**230,231**	**414,429**	**510,000**	**2,005,000**	**591,000**	**3,750,660**
Exploration expenditures						
Assays	-	-	3,774	-	-	3,774
Administrative	-	30,000	-	-	-	30,000
Consulting	-	-	4,132	-	-	4,132
Field work	-	-	51,861	-	-	51,861
Geological	-	-	31,154	-	-	31,154
Lab work	-	-	50,530	-	-	50,530
Metallurgy	-	-	35,550	-	-	35,550
Travel & accommodation	-	-	11,781	-	-	11,781
Total at April 30, 2021	-	**30,000**	**188,782**	-	-	218,782

Fran Property *(British Columbia)*

The Company entered into an option agreement (the “Option Agreement”) on May 24, 2013, and amended on June 30, 2013, to acquire a 100% undivided interest in the Fran Claims (the “Fran Property”), located within the Omineca Mining District 60 kilometres north of Fort St. James, British Columbia and 30 kilometers southwest of the Mt. Milligan Mine Gold-Copper Mine

In order to acquire its 100% undivided interest in the Fran Property, the Company must pay Manto Resources Inc. (the “Optionor”) a total of $40,000 in cash, issue 24,877,310 shares of the Company to the Optionor and incur up to $100,000 of exploration expenditures on the property September 30, 2019.

The Company completed a fall drill program at the Fran Property that retuned broad intercept from 227.0 to 241.0 meters of gold mineralization at depth. The gold mineralization was contained within a quartz-pyrite vein which averaged 21 g/t Au over 2.2m including 35.9 g/t Au across 0.76m and 26.70 g/t Au over 0.75 meters.

Based on the results of the fall drill program the Company has commenced an additional drill program that will drill a twin vertical hole to confirm and test below a historic drill hole from 2002. In August 2019 the Company received drill results from its 2018/2019 exploration program, and is now planning a follow up seven-hole 2,800 metre drill program to further delineate the SE and NW extensions of the high-grade Bullion Alley gold zone. Full details are available in the August 12, 2019 news release on Sedar.com

Driftwood Claims *(British Columbia)*

The Company entered into an option agreement on July 7, 2014 to acquire a 90% interest in the Driftwood Claims (the “Driftwood Property”). The Company has completed the requirements as per the agreement and owns a 90% interest in the Driftwood Property.

During the year ended July 31, 2017, the Company filed a resource estimate for the Driftwood Property that showed measured plus indicated mineral resources of 8.028 million tonnes grading 43.31% magnesium oxide, inferred mineral resources of 846,000 tonnes grading 43.20 magnesium oxide with the bulk of the resource located less than 100 metres from surface. The full NI 43-101 complaint resource estimate was filed on www.sedar.com on September 26, 2016. On October 27, 2016, the Company completed 16 drill holes as part of an infill drilling campaign in an effort to complete a preliminary economic assessment. On December 5, 2016 the Company completed its Phase III drill program on 16 holes totaling 1,212 metres. Significant intercepts from the drill program showed grades ranging from 41.6% to 43.8 at intercepts of 46.5 to 120 metres.

As reported in the Company’s March 6, 2018 news release, the Company has completed a successful Preliminary Economic Assessment (“PEA”). The complete PEA has been prepared in accordance with NI-43-101 standards. The PEA presumes a conventional quarry pit operation with a process plant and a furnace/kiln combination to produce a saleable dead burn magnesium oxide (DBM) product. The plant will also have the ability to produce caustic-calcined magnesium oxide (CCM) as a separate saleable product.

The PEA is preliminary in nature and there is no certainty that the forecast results stated in the PEA will be realized, the full PEA can be found on Sedar.com.

In July 2019, the Company completed an Archaeological Impact Assessment for the Driftwood Property as part of a larger ongoing program to complete a Pre-Feasibility Study (“PFS”) to build on the previously completed PEA. In August 2019, the Company received a drill permit for up to 50 sites at the Driftwood property and commenced began mobilization in late October. The program will complete infill and extension drilling to prepare for the PFS.

Longworth Silica Property (*British Columbia)*

On July 21, 2015, the Company completed its acquisition of a 100% undivided interest in the Longworth Silica Property ("Longworth"). As per the terms of the acquisition, the Company issued 700,000 common shares to Zimtu Capital Corp ("Zimtu") at a fair value of $350,000. On July 7, 2016, the Company filed a NI 43-101 technical report for the property. The Company has commenced a nine-hole diamond drill program. The exposed bedrock samples collected from Longworth assayed up to 99.34% silicon dioxide.

Koot Silica Property *(British Colombia)*

On March 2, 2015, the Company entered into an Acquisition Agreement with American Manganese Inc. ("AMY") to acquire a 100% interest in 166 contiguous hectares located in the Golden mining district of southeastern British Columbia (the "Koot Claims"). Pursuant to the terms of the Acquisition Agreement, the Company issued 100,000 shares to AMY at the fair value of $14,000 and granted a 0.5% Net Smelter Royalty ("NSR") on any future production to AMY. The Koot Claims are also subject to a 0.5% NSR attributable to Andris Kikauka, a director of the Company.

Wonah Mineral Claims

On December 15, 2015, the Company entered into a Share Purchase Agreement to acquire a 100% undivided interest in the Wonah Mineral Claims ("Wonah"). In consideration, the Company will issue 150,000 shares over a three-year period to the Company's non-independent Qualified Person, Andris Kikauka, and a third party. There are no underlying royalties. During the year ended July 31, 2016, the Company issued 50,000 shares to the vendor at a fair value of $11,000. During the year ended July 31, 2017 the Company issued 50,000 shares that were fair valued at $68,500. The Company issued an additional 50,000 common shares, fair valued at $56,500 during the year ended July 31, 2018.

Gibraltar Claims

On May 17, 2018 the Company acquired the Gibraltar Silicon Claims ("Gibraltar Claims") located northeast of Cranbrook BC. As per the terms of the acquisition agreement the Company acquired a 100% interest in the Gibraltar Claims by issuing 100,000 common shares of the Company, issued on May 17, 2018 and fair valued at $101,000. 50,000 of the common shares were issued to a Director of the Company.

The Company has commenced development activity at both its Koot and Wonah projects. Archaeological assessment and environmental assessments are expected to commence in the near future. The Company has prioritized the evaluation and development of its silicon projects due to the relative simplicity of quarry operations. The Company commenced a diamond drill program at the Koot Claims completing nine drill holes across 50 meter spacing. The Company also completed 2 drill holes as part of an 8-hole drill program at the Gibraltar claims, totaling 2,100 feet. The Company's objective is to test subsurface dimensions of high purity quartzite.

Lithium Properties

Alberta Lithium

On January 28, 2016, the Company entered into a purchase agreement (the "Alberta Lithium Agreement") to acquire a 100% undivided interest in 12 metallic and industrial mineral permits and permit applications in Alberta. The Company made cash payments of $20,000 and issued 1,500,000 common shares, over two year period, fair valued at $1,235,000 and owns a 100% interest in the permits.

Sturgeon Lake Lithium

On August 16, 2016, the Company entered into an agreement to acquire a 100% interest in the Sturgeon Lake Lithium Brine Property ("Sturgeon Lake") in west-central Alberta. As per the terms of the agreement, the Company issued 2,000,000 common shares fair valued at $340,000 and made a cash payment of $40,000. Additionally, the property is subject to a 2% gross overriding royalty.

Kibby Basin

On July 12, 2018, the Company entered into an option agreement with Belmont Resources to acquire a 25% interest in the Kibby Basin Property (“Kibby”) located in Nevada, the Company must incur exploration expense of $300,000 no later than October 2018. During the year ended July 31, 2019 a drill program was completed at Kibby and the Company plans to conduct up to an additional 4,800 feet of drilling across four diamond drill holes. Initial samples from the previous drill results ranged from 100PPM lithium to 580PPM lithium.

Tillicum Gold

On May 5, 2020, the Company announced an agreement to purchase a 100% interest in the Heino-Money Gold deposit and Tillicum Claims in the West Kootenay region of British Columbia (the “Tillicum Agreement”). By issuing shares and cash totalling $5,000,000 and completing a work program of $1,050,000 over a three-year term, MGX will acquire a 100% interest in the property. The property will be subject to a Net Smelter Return royalty of 5% which may purchased for $1,000,000. The Company can acquire a 90% interest by completing the following:

- $25,000 cash within 14 days of execution of agreement (Paid);
- $50,000 prior to July 15, 2020 (Paid)
- $100,000 prior to each of the following October 1, 2020 (paid), January 1, 2021 and March 1, 2021;
- $125,000 prior to October 1, 2021 and $125,000 prior to each three month period thereafter ending on May 1, 2024.
- 2,000,000 commons shares within 14 days of execution of agreement (issued and fair valued at $90,000);
- 2,000,000 common shares prior to October 1, 2020 (issued) and 2,000,000 prior to each 6 month period thereafter ending on October 1, 2023
- 4,000,000 common shares prior to May 1, 2024.

The remaining 10% can be acquired for a cash payment of $1,000,000 at any time.

On May 15, 2020 the Company announced it had entered into an agreement to acquire files relating to the Tillicum Claim, including spreadsheets of all data, drill holes, assays, surveys, underground workings and assays, trenches, topography, geology and 3D model, as well as sections and plans through the deposit and original scans of documents. The Company will pay $42,500 consisting of $7,500 in cash and 500,000 common shares of the Company (Issued).

OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value

All share information is reported as of June 30, 2021, in the following table:

Type of Security	Number
Issued and outstanding common shares	156,639,814
Stock options with a weighted average exercise price of $0.45	10,740,000
Warrants with a weighted average exercise price of $1.01	18,683,454
Total	186,063,268

TRANSACTIONS BETWEEN RELATED PARTIES

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three and nine months ended April 30, 2021 and 2020:

	Three months ended April 30,		Nine months ended April 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Management fees[1]	-	40,000	110,500	178,000
Salaries[2]	25,495	-	100,897	-
Geological fees[3]	-	-	8,400	8,700
Share-based compensation	-	161,006	-	161,006
	25,495	201,006	219,797	347,706

[1] Management fees consisted of fees from Patrick Power and Jared Lazerson (Former CEOs) and Michael Reimann (Former CFO)
[2] Salaries consist of fees from Neil Foran CFO and director
[3] Geological fees consisted of fees from Andris Kikauka a director and CEO

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

As at April 30, 2021 the Company had $Nil (July 31, 2020 - $252,868) owing to related parties included in accounts payable, all of which is unsecured, non-interest bearing and due on demand. A total payable of $Nil (July 31, 2020 - $248,844) was owed to directors and officers of the Company and companies owned by them. A payable of $960 (2020 - $960) was owed to a company with common directors and a payable of $3,064 (2020 - $3,064) was owed to a former parent company. The amounts are non-interest bearing and due on demand.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2021, the Company had working capital deficit of $11,841,696 (July 31, 2020 – $12,020,471), has not generated any revenue from operations and has an accumulated deficit of $88,813,686 (July 31, 2020 - $88,611,453). The Company had $12,781 of cash at April 30, 2021 (July 31, 2020 - $624,525), the Company's operations during the nine months ended April 30, 2021 used $943,652 of cash (2020 – cash used in operating activities of $24,100).

The Company has no operations that generate cash flow and its long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets resource properties and intangible assets held through subsidiaries. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Mineral Properties" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

During the nine months ended April 30, 2021 the Company issued 9,416,755 common shares fair valued at $638,455 to settle debt of $582,222 and recorded a loss on debt settlement of $56,233.

During the nine months ended April 30, 2021 the Company incurred $285,000 in cash acquisition costs related to the Tillicum Claims.

During the period ended April 30, 2021 the Company sold 2,915,486 shares of Zinc8 for proceeds of $656,787. As at April 30, 2021 the Company held 4,701,143 shares of Zinc8 and they were fair valued at $3,196,777. As at April 30, 2021 the shares of Zinc8 were held in escrow.

During the nine months ended April 30, 2020 the Company did not have any financing activities.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

The Company has no proposed transactions that will materially affect the performance of the Company.

ACCOUNTING POLICIES

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities, short-term loans payable and long-term loans payable. Cash is measured at amortized cost and marketable securities are measured at fair value through profit of loss. Accounts payable and accrued, short-term loans and long-term loans are all measured at amortized cost.

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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner. As at April 30, 2021, the Company had working capital deficit of $11,841,696 (July 31, 2020 - $12,020,471).

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the

Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Foreign currency exchange rate risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal. The Company will be exposed to increased foreign currency risk relating to US dollar transactions as the Company increases exploration expenses related to the Lisbon Valley, Paradox Basin and Blueberry Unit properties.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish mineral reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

CONTINGENCIES

On June 18, 2019 Blue Sun Productions filed a claim against the Company for unpaid invoices totalling amounts of $112,518 USD and $7,440 for services performed during the year ended July 31, 2019. The Company did not dispute the amounts owing and has recorded them in full as accounts payable and accrued liabilities on the consolidated statement of financial position as at July 31, 2020. A default judgement order was awarded to Blue Sun Production for the outstanding balance, interest calculated at 2% per annum up to November 28, 2019 and additional costs of $1,334. The full amount of interest and additional costs has been accrued for as at April 30, 2021.

On September 12, 2019 Lions Gate Risk Management Group Ltd. ("Lions Gate") filed a claim again the Company in the amount of $176,398 relating to security services provided to Jared Lazerson, the CEO of the Company. As at July 31, 2020 the Company had recorded the full $176,398 as accounts payable and accrued liabilities on the consolidated statement of financial position. The Company entered into a settlement agreement with Lions Gate whereby MGX will pay $10,000 in ten installments on the first of every month, commencing on December 1, 2020 for a total payment of $100,000.

During the year ended July 31, 2020 Randy Keller filed a claim against the Company for unpaid consulting fees in the amount of $157,500 USD, severance of $42,000 USD and expenses of $17,442. The Company's position is that Keller's work did not meet contractual standards, and in April 2019 Keller agreed to amend his consulting agreement such that his work and fees would be substantially reduced. No settlement has been made and the eventual outcome is not determinable. As at April 30, 2021 the Company has accrued $218,684 relating to the Randy Keller claim as accounts payable and accrued liabilities on the consolidated statement of financial position.

The Company went to arbitration with Dawson Geophysics Inc. ("Dawson") regarding a planned geophysics program for a Utah petrolithium project that was never executed. Dawson claimed approximately $183,728 USD in preparation costs and requests additional amounts for additional preparation and lost opportunity because the project was never completed. MGX claimed it was not the operator and therefore not responsible. During the year ended July 31, 2020 an arbitration award in favour of Dawson was awarded as follows:

Unpaid invoices - $183,729 USD
5% Surcharge of $9,186 USD
Lost profits of $580,511 USD
Total sum of $773,426 USD.

MGX plans to appeal the decision and failing that, will commence litigation against the operator of the Utah Petrolithium property. As at April 30, 2021 the Company has recorded the total amount as accounts payable, the $580,511 of lost profits and 5% surcharge of $9,186 were recorded as a loss on debt settlement.

On May 21, 2020, Fasken Martineau DuMoullin LLP ("Fasken") filed a claim against the Company for unpaid invoices totalling $797,323. The Company did not dispute the amounts owing and has recorded them in full as accounts payable and accrued liabilities on the consolidated statement of financial position as at July 31, 2020. Fasken is also claiming post-judgement interest at the contractual rate of 18%, any and all Goods and Services Tax payable on all judgement amounts, and costs, costs of proceedings on a solicitor and own client basis or such basis which may be directed by the Honourable Court and such further rand other relief as the Honorable Court sees fit.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the nine months ended April 30, 2021, and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

OUTLOOK

The outlook for precious metals is good. The capital markets needed to access financing are challenging but management believes the Company will continue as a viable entity. The properties will require significant investment as they transition into development stage projects.

OTHER

Additional information relating to the Company's operations and activities can be found by visiting www.sedar.com and www.mgxminerals.com.