# FORM 5

## QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **MGX Minerals Inc.** (the "**Issuer**").

Trading Symbol: **XMG**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

**General Instructions**

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

**SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

### 1. Related party transactions

***All related party transactions have been disclosed in the Issuer's financial statements for the interim period ended January 31, 2019.***

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

### 2. Summary of securities issued and options granted during the period.

***All securities issued and options granted by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended January 31, 2019.***

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

| Date of Issue | Type of Security (common shares, convertible debentures, etc.) | Type of Issue (private placement, public offering, exercise of warrants, etc.) | Number | Price | Total Proceeds | Type of Consideration (cash, property, etc.) | Describe relationship of Person with Issuer (indicate if Related Person) | Commission Paid |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

(b) summary of options granted during the period,

| Date | Number | Name of Optionee if Related Person and relationship | Generic description of other Optionees | Exercise Price | Expiry Date | Market Price on date of Grant |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |

## 3. Summary of securities as at the end of the reporting period.

***A summary of securities has been provided in the financial statements for the interim period ended January 31, 2019.***

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

| Name of Director | Position(s) Held |
|---|---|
| Jared Lazerson | President, CEO, Secretary and a Director |
| Lyndon Patrick | Director |
| Chris Wolfenberg | Director |
| Michael Reimann | CFO and a Director |
| Andris Kikauka | Director and VP of Exploration |

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

***See Management's Discussion & Analysis attached.***

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated April 1, 2019.

Jared Lazerson
**Name of Director or Senior Officer**

/s/ Jared Lazerson
**Signature**

President, CEO, Secretary and Director
**Official Capacity**

| ***Issuer Details*** | | |
|---|---|---|
| Name of Issuer:<br>**MGX Minerals Inc.** | For Quarter Ended<br>**January 31, 2019** | Date of Report: YYYYMMDD<br>**2019/04/01** |
| Issuer Address:<br>**Suite 303, 1080 Howe Street** | | |
| City/Province/Postal Code:<br>**Vancouver, BC V6Z 2T1** | Issuer Fax No.:<br>**N/A** | Issuer Telephone No.<br>**604.681.7735** |
| Contact Name:<br>**Jared Lazerson** | Contact Position:<br>**President, CEO, Secretary and Director** | Contact Telephone No.<br>**604.681.7735** |
| Contact Email Address:<br>**Jared@mgxminerals.com** | Web Site Address:<br>**www.mgxminerals.com** | |

## Schedule “A”

## Financial Statements

*[inserted as pages following]*

# MGX MINERALS INC.

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended January 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

# MGX MINERALS INC.

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company’s management.

The Audit Committee of the Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

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

**MGX Minerals Inc.**
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

| | Note | January 31, 2019 | July 31, 2018 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| **Current Assets** | | | |
| Cash | | 3,290,057 | 6,613,350 |
| Prepaid | | 1,046,841 | 1,067,081 |
| GST receivables | | 309,828 | 565,817 |
| Marketable securities | **6** | 784,273 | 624,440 |
| | | 5,430,999 | 8,870,688 |
| **Non-Current Assets** | | | |
| Equipment | **8** | 3,289,205 | 3,112,458 |
| Intangible assets | **9** | 10,709,117 | 10,709,117 |
| Intellectual property | **10** | 4,950,134 | 4,950,134 |
| Mineral properties | **7** | 11,909,450 | 10,276,950 |
| Reclamation bond | | 147,125 | 136,125 |
| | | 31,005,031 | 29,184,784 |
| **Total Assets** | | 36,436,030 | 38,055,472 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | | 3,523,716 | 2,150,299 |
| Flow-through premium liability | | 676,118 | 272,160 |
| Short-term loan payable | **11** | 719,266 | 703,348 |
| Due to related parties | **14** | 260,074 | 68,354 |
| | | 5,179,174 | 3,194,161 |
| Deferred income tax liability | | 71,626 | 71,626 |
| Long-term loan payable | **12** | 43,818 | 53,044 |
| **Total liabilities** | | 5,294,618 | 3,318,831 |
| **Shareholders' Equity** | | | |
| Share capital | **13** | 64,668,130 | 57,660,920 |
| Reserve | | 17,473,520 | 15,320,242 |
| Deficit | | (55,031,100) | (43,140,525) |
| Equity attributable to shareholders | | 27,110,550 | 29,840,637 |
| Non-controlling interest | **16** | 4,030,862 | 4,896,004 |
| **Total equity** | | 31,141,412 | 34,736,641 |
| **Total Liabilities and Shareholders' Equity** | | 36,436,030 | 38,055,472 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 18)

Approved by the Board of Directors on April 1, 2019:

*"Jared Lazerson"*
Jared Lazerson, Director

*"Andris Kikuaka"*
Andris Kikuaka, Director

**MGX Minerals Inc.**
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended January 31, 2019 and 2018
(Unaudited - expressed in Canadian dollars)

| | Notes | Three months ended January 31, 2019 | Three months ended January 31, 2018 | Six months ended January 31, 2019 | Six months ended January 31, 2018 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Exploration expenses** | **6,11** | 1,795,518 | 1,221,570 | 4,006,480 | 2,127,520 |
| **Administrative Expenses** | | | | | |
| Advertising and promotion | | 365,324 | 1,978,366 | 3,126,290 | 2,772,349 |
| Consulting fees | | 521,427 | 625,817 | 1,191,304 | 881,438 |
| Depreciation | **7** | 18,606 | 1,108 | 37,458 | 1,896 |
| Office and administrative | | 864,218 | 270,980 | 1,380,131 | 358,005 |
| Interest and bank charges | | 17,801 | 2,721 | 17,801 | 4,753 |
| Management fees | **10,11** | 66,000 | 1,246,506 | 132,000 | 2,933,789 |
| Professional fees | | 479,113 | 198,529 | 597,016 | 356,468 |
| Research and development | | 1,038,546 | - | 2,079,250 | - |
| Salaries | | 162,539 | - | 369,031 | - |
| Share-based compensation | **10,11** | - | 298,889 | 1,136,805 | 1,053,461 |
| Transfer agent and filing fees | | 44,234 | 49,638 | 57,436 | 62,863 |
| Travel and entertainment | | 56,783 | 57,204 | 130,018 | 132,605 |
| | | 3,634,591 | 4,729,758 | 10,254,540 | 8,557,627 |
| **Loss before other (expenses) income** | | (5,430,109) | (5,951,328) | (14,261,020) | (10,685,147) |
| **Other (expenses) income** | | | | | |
| Interest expense | | (95,522) | | (191,044) | |
| Grant revenue | | - | - | 705,058 | - |
| Gain on bargain purchase | **9** | - | - | 2,612,500 | - |
| Write-off of mineral property | **6** | - | - | - | (470) |
| Unrealized loss on marketable securities | | - | - | (314,612) | - |
| Gain on equity investment in PurLucid | **8** | - | 338,426 | - | 222,981 |
| Debt settlement (loss) gain | **9,10** | - | - | - | (18,687) |
| Foreign exchange loss | | (15,246) | (14,804) | (78,030) | (35,287) |
| | | (110,768) | 323,622 | 2,733,872 | 168,537 |
| **Loss and comprehensive loss before taxes** | | (5,540,877) | (5,627,706) | (11,527,148) | (10,516,610) |
| Deferred income tax expense | | (425,106) | - | (425,106) | - |
| **Loss and comprehensive loss for the period** | | (5,965,983) | (5,627,706) | (11,952,254) | (10,516,610) |
| **Loss and comprehensive loss for the period attributable to:** | | | | | |
| Shareholders of the Company | | (5,678,279) | (5,627,706) | (11,638,945) | (10,516,610) |
| Non-controlling interest | | (287,704) | - | (313,309) | - |
| Loss per share, basic and diluted | | (0.04) | (0.06) | (0.09) | (0.13) |
| Weighted average number of shares outstanding | | 129,635,429 | 86,826,103 | 129,635,429 | 80,700,343 |

**MGX Minerals Inc.**

Condensed Interim Consolidated Statements of Changes in Equity
For the Six Months Ended January 31, 2019 and 2018
(Unaudited - expressed in Canadian dollars)

| | Common Shares | Share Capital | Reserve* | Subscription received | Deficit | NCI | Total |
|---|---|---|---|---|---|---|---|
| | # | $ | $ | $ | $ | $ | $ |
| **Balance, July 31, 2017** | **68,617,018** | **14,310,995** | **8,822,638** | **4,994,343** | **(17,762,252)** | **-** | **10,365,724** |
| Shares issued pursuant to special warrants financing | 19,982,688 | 17,767,027 | 801,685 | (4,994,343) | - | - | 13,574,369 |
| Issue costs | - | (1,837,288) | - | - | - | - | (1,837,288) |
| Flow-through premium | - | (276,345) | - | - | - | - | (276,345) |
| Shares issued pursuant to debt settlement | 174,093 | 174,699 | - | - | - | - | 174,699 |
| Shares issued in lieu of fees | 166,035 | 189,711 | - | - | - | - | 189,711 |
| Shares issued pursuant to acquisition of mineral property | 1,800,000 | 2,143,000 | - | - | - | - | 2,143,000 |
| Shares issued pursuant to floatation plant | 100,000 | 105,000 | - | - | - | - | 105,000 |
| Shares issued pursuant to ZincNyx Acquisition | 4,784,258 | 4,784,258 | - | - | - | - | 4,784,258 |
| Restricted Share Unit (“RSU”) exercise | 1,700,000 | 1,769,700 | (1,769,700) | - | - | - | - |
| Warrant exercise | 2,140,899 | 963,580 | - | - | - | - | 963,580 |
| Option exercise | 276,000 | 231,000 | - | - | - | - | 231,000 |
| Transfer value on warrant and option exercises | - | 576,480 | (576,480) | - | - | - | - |
| RSU vesting | - | - | 2,715,288 | - | - | - | 2,715,288 |
| Share-based payments | - | - | 1,053,461 | - | - | - | 1,053,461 |
| Loss and comprehensive loss for the period | - | - | - | - | (10,516,610) | | (10,516,610) |
| **Balance, January 31, 2018** | **99,740,991** | **40,901,817** | **11,046,892** | **-** | **(28,278,862)** | | **23,669,847** |
| **Balance, July 31, 2018** | **124,072,951** | **57,660,920** | **15,320,242** | **-** | **(43,140,525)** | **4,896,004** | **34,736,641** |
| Shares issued pursuant to: | | | | | | | |
| Private placement | 10,670,818 | 5,789,975 | 1,016,473 | - | - | - | 6,806,448 |
| Finders shares | 419,833 | - | - | - | - | - | - |
| Issue costs | - | (560,765) | - | - | - | - | (560,765) |
| Flow-through premium | - | (403,958) | - | - | - | - | (403,958) |
| Mineral property acquisition | 1,344,624 | 899,113 | - | - | - | - | 899,113 |
| Consulting fees | 400,052 | 235,039 | - | - | - | - | 235,039 |
| Floatation plant rental | 100,000 | 72,000 | - | - | - | - | 72,000 |
| Warrant exercises | 861,717 | 172,343 | - | - | - | - | 172,343 |
| PurLucid acquisition | 1,199,198 | 803,463 | - | - | (251,630) | (551,833) | - |
| Share-based payments | - | - | 1,136,805 | - | - | - | 1,136,805 |
| Loss for the period | - | - | - | - | (11,638,945) | (313,309) | (11,952,254) |
| **Balance, January 31, 2019** | **139,069,193** | **64,668,130** | **17,473,520** | **-** | **(55,031,100)** | **4,030,862** | **31,141,412** |

*Reserve consists of fair values of stock options and a finder’s warrants

**MGX Minerals Inc.**
Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended January 31, 2019 and 2018
(Unaudited - expressed in Canadian dollars)

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Loss for the period | (11,952,254) | (10,516,610) |
| Items not affecting cash: | | |
| Amortization | 37,458 | 1,896 |
| Accrued interest | 15,918 | - |
| Loss (gain) on debt settlement | - | 18,687 |
| Shares issued in lieu of consulting fees | 235,039 | 189,711 |
| Share-based compensation | 1,136,805 | 1,053,461 |
| RSU vesting | - | 2,715,289 |
| Unrealized loss on marketable securities | 314,612 | - |
| Gain (loss) on investment in PurLucid | - | (222,981) |
| Write-down of mineral property | - | 470 |
| Changes in non-cash working capital items: | | |
| Prepaid expense | 92,240 | (537,673) |
| GST receivable | (218,456) | (63,926) |
| Accounts payable and accrued liabilities | 1,417,446 | 552,032 |
| Due to related parties | 147,690 | (18,975) |
| Net cash used in operating activities | (8,773,502) | (6,828,619) |
| | | |
| **Investing activities** | | |
| Acquisition of MGX-R | - | (188,255) |
| Investment in PurLucid | - | (1,467,500) |
| Reclamation deposit | (11,000) | - |
| Purchase of equipment | (214,206) | - |
| Property acquisition costs | (733,386) | (618,554) |
| Net cash used in investing activities | (958,592) | (2,274,309) |
| | | |
| **Financing activities** | | |
| Proceeds from private placements | 6,806,449 | 13,574,369 |
| Share issue costs | (560,765) | (1,529,611) |
| Proceeds from the exercise of options | - | 231,000 |
| Proceeds from exercise of warrants | 172,343 | 963,578 |
| Loan repayments | (9,226) | - |
| Net cash provided by financing activities | 6,408,801 | 13,239,336 |
| | | |
| **Change in cash for the period** | (3,323,293) | 4,136,408 |
| **Cash, beginning of period** | 6,613,350 | 2,897,448 |
| | | |
| **Cash, end of period** | 3,290,057 | 7,033,856 |
| | | |
| **Significant non-cash financing and investing activities** | **$** | **$** |
| Shares issued for debt settlement | - | 174,699 |
| Shares issued for mineral property and plant acquisitions | 903,109 | 288,000 |
| **Supplemental information** | **$** | **$** |
| Interest paid | 87,563 | - |
| Taxes paid | - | - |

## 1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS

MGX Minerals Inc. ("MGX" or the "Company") was incorporated on April 27, 2012 in Canada under the legislation of the Province of British Columbia. MGX's head office is located at Suite 303 – 1080 Howe Street, Vancouver, BC, V6Z 2T1, Canada. On July 4, 2014, the Company completed a reverse takeover transaction and the Company's common shares are currently listed on the Canadian Stock Exchange ("CSE") under the symbol XMG.

MGX is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at January 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of $55,031,100 (July 31, 2018 - $43,140,525). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

## 2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2018.

## 3. ACCOUNTING STANDARDS

**IFRS 16 Leases**
This standard replaces IAS 17 Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for the annual period beginning on August 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adoption this new standard.

**IFRS 9, Financial Instruments**
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on August 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

**Recognition and Classification**

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

| | **Original classification IAS 39** | **New classification IFRS 9** |
|---|---|---|
| Cash | Loans and receivables | Amortized cost |
| Marketable securities | FVTPL | FVTPL |
| Accounts payable and accrued liabilities | Other liabilities | Amortized cost |
| Loan payable | Amortized cost | Amortized cost |

The Company did not restate prior periods as there was no impact at the date of initial application.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on August 1, 2018.

**Measurement**

**Financial assets at FVTOCI**
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

**Financial assets and liabilities at amortized cost**
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

**Financial assets and liabilities at FVTPL**
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

**Impairment of financial assets at amortized cost**
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**Derecognition**

**Financial assets**
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

**Financial liabilities**
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

(Unaudited - expressed in Canadian dollars)

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual consolidated financial statements and notes for the year ended July 31, 2018.

## 5. PREPAID

The Company's prepaids as at January 31, 2019 and July 31, 2018 are comprised of the following:

| | **January 31, 2019 $** | **July 31, 2018 $** |
|---|---|---|
| Advertising and Promotion | 136,945 | 520,228 |
| Consulting Fees | 230,565 | 163,548 |
| Exploration expenses | 533,329 | 272,767 |
| Other | 146,002 | 110,538 |
| | **1,046,841** | **1,067,081** |

## 6. MARKETABLE SECURITIES

During the year ended July 31, 2018, the Company acquired 4,000,000 units at $0.05 per unit, of Belmont Resources Inc. ("Belmont"), with each unit made up of one share and one common share purchase warrant, exercisable at $0.08/$0.09 per share until July 23, 2020. Shares of Belmont considered financial assets at fair value through profit or loss, and are measured at their quoted fair market value. The 4,000,000 warrants were fair valued using the Black-Scholes Option Pricing Model under the following assumptions average risk free interest rate – 2.00%-; expected life – 1.98 years-2 years; expected volatility – 98.76% – 102.00%; and expected dividends – nil.

During the six months ended January 31, 2019 the Company revalued the warrants and shares at $309,828, and recorded a loss on fair value of marketable securities of $314,612 (2017 - $nil).

## 7. MINERAL PROPERTIES

As at January 31, 2019 the Company had capitalized $11,909,450 (July 31, 2018 - $10,276,950) of mineral property acquisition costs. During the six months ended January 31, 2019 the Company incurred exploration expenditures of $4,320,449 (2018 - $2,127,520). The Company's mineral property assets as at January 31, 2019 and July 31, 2018 and the changes for the periods then ended, and exploration expenditures for the period ended January 31, 2019 is provided in Schedule 1.

### Fran Claims & Adjacent Claims

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.

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.

(Unaudited - expressed in Canadian dollars)

| | Cumulative Exploration Expenditures $ | Common Shares # | Cash Payments $ |
|---|---|---|---|
| Upon closing of the plan of arrangement | - | 24,823,310 (issued) | - |
| On or before March 31, 2014 | - | 54,000 (issued) | - |
| On or before September 30, 2014 | 25,000 (incurred) | - | - |
| On or before September 30, 2017 | 50,000(incurred) | - | - |
| On or before September 30, 2018 | 75,000(incurred) | - | - |
| On or before September 30, 2019 | 100,000(incurred) | - | 35,000 |
| On or before September 30, 2020 | - | - | 5,000 |

**Driftwood Claims**

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.

**Longworth Silica Property**

On July 21, 2015, the Company completed its acquisition of the Longworth Silica Property (“Longworth”) pursuant to which the Company has acquired a 100% undivided interest in Longworth. As per the terms of the acquisition the Company issued 700,000 common shares to Zimtu Capital Corp (“Zimtu"), the shares were fair valued at $350,000.

**Koot Silica Property**

On March 2, 2015, the Company entered into an Acquisition Agreement with American Manganese Inc. (“AMY”) to acquire 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, during the year ended July 31, 2015. The Koot Claims are also subject to a 0.5% NSR attributable to Andris Kikauka, a director of the Company.

**Wonah Mineral Claims**

The Company entered into an option agreement on December 15, 2015 to acquire up to a 100% interest in the Wonah mineral claims (the “Wonah”). During the year ended July 31, 2018 the Company completed the requirements as per the Wonah agreement and owns 100% interest in Wonah.

**Alberta Lithium**

On January 28, 2016, the Company entered into an agreement (the “Alberta Lithium”) to acquire a 100% undivided interest in 12 metallic and industrial mineral permits and permit applications in Alberta. As at January 31, 2019 the Company has completed its requirements per the Alberta Lithium Agreement and owns a 100% undivided interest in the claims.

**Buck Lake Lithium**

On April 7, 2016, the Company entered into an Option Agreement to acquire an undivided 100% interest in the Buck Lake Lithium claims (the "Buck Lake"). The Company has completed its requirements as per the Buck Lake Option Agreement and owns a 100% interest in the Buck Lake claims. Additionally, the Company granted a 2% net smelter royalty, of which 1% may be repurchased by the Company for a one-time cash payment of $1,000,000.

**Sturgeon Lake**

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.

**Lisbon Valley**

On January 31, 2017 the Company entered into an agreement to acquire Lisbon Valley Petro Lithium Project ("Lisbon Valley") in Utah. As per the agreement the Company made cash payments of $75,000 USD (CAD - $98,588), issued 200,000 common shares (fair valued at $296,000) and make all land management fees.

The Company made additional cash payments of $467,098 related to additional claims during the year ended July 31, 2018. On August 2, 2017, the Company issued an additional 100,000 common shares, fair valued at $96,000, to acquire additional Lisbon Valley Claims.

**Blueberry Unit**

On March 1, 2017 the Company signed an earn-in agreement to acquire 75% interest in leases covering 110,000 acres located contiguous to the Company's Lisbon Valley project. As per the agreement the Company must complete the following:

- Cash payment of $50,000 USD (paid - $67,800)
- $500,000 USD on or before September 1, 2017 (paid - $648,450)
- $500,000 USD on or before March 1, 2018 (paid - $640,450)
- $500,000 USD on or before September 1, 2018 (paid – 726,496)
- $450,000 USD on or before March 1, 2019

The Company has also granted a Carry Period ("Carry Period") in which the Company will be responsible for 100% of expenses incurred. The Carry Period will be satisfied once the Company has made all required payments or drilled at least one well on the leases.

**Power Metals**

On September 18, 2017 the Company entered into an agreement with Power Metals Corp. ("Power Metals") in exchange for common shares of the Company. The terms of the transaction are as follows:

- The Company can acquire all of Power Metal's US Petrolithium Brine assets and a 20% working interest in Power Metal's current hard rock assets and any future assets acquired by Power Metals for the following 36 months
- MGX can acquire an additional 15% working interest in Power Metals hard rock assets for a period of 36 months for a total of $10,000,000.
- MGX will receive a call option to purchase up to 10,000,000 common shares of Power Metals at a price of $0.65 per share for a period of 36 months. The options will be granted to MGX if the Company completes the required share issuances.

- MGX will issue Power Metals 3,000,000 common shares that will be restricted and subject to a release schedule of 1,000,000 shares every 5 months from the signing of a definitive agreement. As at January 31, 2019 the Company has issued 2,000,000 common shares fair valued at $1,950,000.

**REN Mineral Claims**

On August 2, 2017 the Company entered into an agreement to acquire a 90% interest in the REN Mineral Claims ("REN") located in the northern Monashee Mountains of Southeastern British Columbia. As per the terms of the agreement the Company can acquire a 90% interest by completing the following:

- Incur exploration and development expenses of $200,000 within two years (incurred)
- Cash payments of $33,333 over the next year.
- Issuance of 600,000 common shares of the Company over the next two years (200,000 issued on August 2, 2017 and fair valued at $192,000, 200,000 issued on August 10, 2018 and fair valued at $178,000)
- The Company can purchase the remaining 10% interest in the REN property for $200,000 cash at any time.

**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.

**Salinitas Lithium Brine**

On July 23, 2018 the Company entered into an option agreement to acquire an 80% interest in the Salinitas Lithium Brine mining tenements ("Salinitas") located in Argentina. As per the terms of the option agreement the Company can acquire 80% interest in Salinitas through the following:

- Cash payment of $250,000 USD (paid - $326,775);
- Cash payments totalling $2,950,000 USD in case the option is exercised by May 31, 2020;
- Incurring exploration expenditures of $1,200,000 USD by May 31, 2020.

**Kibby Basin**

On July 12, 2018, the Company entered into an option agreement with Belmont Resources Inc. 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. There were no acquisition costs capitalized related to this property as at January 31, 2019. The Company has met its exploration expenditure requirements.

**Chilean Lithium Salars**

On October 9, 2018 the Company entered into a definitive agreement to acquire a 50% interest in three prospective lithium exploration projects located in Chile, ("Chilean Lithium Projects"). As per the terms of the agreement the Company has agreed to make payments of $1.5m, with the first $100,000 payable in cash and the remainder payable in common shares. The Company has also agreed to incur exploration expenditures of $2,000,000 over the next 20 months. During the six months ended January 31, 2019 the Company issued 1,199,198 common shares, the shares were fair valued at $721,113.

(Unaudited - expressed in Canadian dollars)

**Prospects and others**

The Company currently holds the rights to several prospects, the acquisition costs associated to the prospects have been capitalized.

## 8. EQUIPMENT

| | Furnace<br>$ | Equipment<br>$ | Software<br>$ | Vehicles<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| **Balance, July 31, 2018** | **11,426** | **76,489** | **23,823** | **59,774** | **171,512** |
| Additions | - | 210,162 | 4,044 | - | 214,206 |
| **Balance, January 31, 2019** | **11,426** | **286,651** | **27,867** | **59,774** | **385,717** |
| **Accumulated Depreciation:** | | | | | |
| Balance, July 31, 2018 | **3,880** | **1,138** | **4,036** | **-** | **9,054** |
| Amortization | 571 | 24,634 | 6,275 | 5,978 | 37,458 |
| **Balance, January 31, 2019** | **4,451** | **25,772** | **10,311** | **5,978** | **46,512** |
| **Net Book Value:** | | | | | |
| **July 31, 2018** | **7,546** | **75,351** | **19,787** | **59,774** | **162,458** |
| **January 31, 2019** | **6,974** | **260,879** | **17,555** | **53,796** | **339,204** |

During the year ended July 31, 2018 the Company acquired a water treatment unit for $750,000 that as of January 31, 2019 was not ready for use. The unit is currently under testing and development.

The Company also acquired additional equipment from PurLucid valued at $2,200,000 that is currently under development and not in use at January 31, 2019.

## 9. INVESTMENT IN PURLUCID

On November 8, 2016, the Company entered into a definitive agreement (the “Agreement”) to acquire up to 100% of PurLucid Treatment Solutions (Canada) Inc. (“PurLucid”). PurLucid is a water and wastewater treatment service company that would work with MGX to further develop the Company’s lithium assets.

As per the terms of the Agreement the Company would acquire a 50% interest through the following phases of investment:

- Phase 1 - $50,000 initial payment (paid)
- Phase 2 - $50,000 integration payment to be applied to Phase 3 expenses (paid)

On May 2, 2017 the Company and PurLucid amended the Agreement as follows:

- Phase 3 - cash payments of $950,000 resulting in the Company acquiring 26.62% of the outstanding shares of PurLucid. The completion date of Phase 3 was May 19, 2017, with the total investment in PurLucid at that time being $1,000,000. The Company also exercised an option to acquire an additional 7.5% of the outstanding shares of PurLucid in exchange for 1,500,000 common shares of MGX. The common shares were issued on May 30, 2017 and fair valued at $1,605,000.
- Phase 4 – cash payments of between $500,000 and $1,467,500 by the completion date of December 31, 2017. Upon completion of Phase 4 the Company would increase its total interest in PurLucid to 46.16%. The Company made cash payment of $1,467,500 in December, 2017.

(Unaudited - expressed in Canadian dollars)

- Phase 5 – cash payments between $1,000,000 and $2,612,500 by the completion date July 31, 2018. On July 31, 2018 the Company made cash payments of $2,612,500 to increase its ownership of PurLucid to 55.13%.

Upon completion of Phase 5, the Company would have a 10-year option period to acquire the remaining outstanding shares of PurLucid.

On July 31, 2018, the Company increased its ownership of PurLucid to 55.13% and thus acquired control, the acquisition of control was accounted for as a business combination achieved in stages. On acquiring control on July 31, 2018, the Company revalued its previously held 46.16% interest at fair value and recognized a gain on step acquisition. The determination of the gain was as follows:

| | $ |
|---|---|
| Fair value of 100% at July 31, 2018 | 12,125,005 |
| Fair value of 46% carrying interest at July 31, 2018 | 5,345,907 |
| Less carrying value of 46% prior to control | (4,116,880) |
| Gain on step acquisition | 1,229,027 |

The consideration paid to acquire control was determined to be the fair value of the carrying interest in PurLucid at July 31, 2018 of $5,345,907 and the additional cash consideration of $2,612,500 paid on July 31, 2018. The consideration was allocated to the fair value of the net assets of PurLucid at July 31, 2018. The non-controlling interest was determined as the proportionate share of the fair value of 100% of PurLucid, less a 10% minority discount. The allocation of the purchase price is as follows:

| **Purchase Price Allocation** | **$** |
|---|---|
| Current assets | 3,580,389 |
| Property, plant and equipment | 2,308,381 |
| Current liabilities | (1,006,307) |
| Loan | (53,044) |
| Intangible assets* | 10,709,117 |
| Gain on bargain purchase | (2,612,500) |
| Deferred tax liabilities | (71,626) |
| | **12,854,411** |
| **Consideration** | |
| Cash | 2,612,500 |
| Fair value of carrying interest | 5,345,907 |
| Non-controlling interest | 4,896,004 |
| | **12,854,411** |

*Intangible assets consist of customer agreements and the water treatment platform.

On November 15, 2018, the Company issued 1,199,198 commons shares, fair valued at $803,463 to acquire an additional 5% of PurLucid, increasing the Company's total ownership to 60.13%. The Company decreased non-controlling interest by $551,833, calculated as 5% of the pro-rated value of the non-controlling interest at November 15, 2018. The value of the consideration in excess of the 5% value of the non-controlling interest was recorded as a credit to the Company's equity.

## 10. MGX RENEWABLES INC.

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire MGX Renewables Inc. ("MGX-R") (formerly ZincNyx Energy Solution). 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. MGX Renewables is a development stage company specializing in the development of zinc air batteries and modular energy storage systems.

(Unaudited - expressed in Canadian dollars)

The transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase intellectual property. The consideration for the acquisition has been allocated at fair value of the assets and liabilities assumed, based on management's best estimate and taking into account all available information at the time.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

| **Purchase Price** | **$** |
|---|---|
| 4,784,258 common shares of the Company at $1.00 | 4,784,285 |
| Cash | 250,000 |
| | **5,034,258** |

| **Net assets acquired** | **$** |
|---|---|
| Cash | 61,745 |
| Prepaids | 22,379 |
| Intellectual property | 4,950,134 |
| | **5,034,258** |

During the six months ended January 31, 2019 the Company entered into an arrangement agreement ("Spin-out"), with its wholly owned subsidiary MGX Renewables Inc. whereby MGX will complete a spin out of 40% of the common shares of MGX Renewables Inc. pursuant to a plan of arrangement under the Business Corporations Act (British Columbia). Under the terms of the Spin-Out, the Company's shareholders of record on June 29, 2018 would receive one MGX Renewables Inc. share for each12.4163 MGX shares then held, and MGX shareholders of record on October 22, 2018 would receive one MGX Renewables Inc. share for each 59.8186 MGX shares then held as a return of capital.

## 11. SHORT-TERM LOAN PAYABLE

As at July 31, 2018, the Company had loans payable of $711,307 (July 31, 2018 - $703,348l) through PurLucid, all of which are due on demand with interest of 0% to 14% per annum. During the six months ended January 31, 2019, the Company accrued interest of $15,918(2017 - $Nil).

## 12. LONG-TERM LOAN PAYABLE

During the year ended July 31, 2018, PurLucid purchased a vehicle through a loan for $59,966. The loan matures on March 8, 2021, is interest free with principal repayments of $769 due bi-weekly. The current portion is immaterial to be reclassified as current liability on a consolidated statement of financial position as at January 31, 2019. During the six months ended January 31, 2019 the Company repaid $9,226 of the loan.

## 13. SHARE CAPITAL

### a) Authorized

Unlimited number of common shares without par value

### b) Financings

Financings during the six months ended January 31, 2019 are as follows:

- On August 10, 2018 the Company issued 200,000 common shares pursuant to mineral property acquisitions, the shares were fair valued at $178,000 (Note 8).
- On August 22, 2018 the Company issued 89,407 common shares in lieu of consulting fees, the shares were fair valued at $64,373.
- On August 22, 2018 the Company issued 100,000 common shares for the floatation plant rental (Note 8), the shares were fair valued at $72,000.
- On October 4, 2018 the Company issued 100,000 common shares in lieu of consulting fees, the shares were fair valued at $53,000.
- On October 12, 2018 the Company issued 200,000 common shares in lieu of consulting fees, the shares were fair valued at $110,000.
- The Company issued 1,199,198 common shares to increase its ownership in PurLucid by 5%.
- The Company issued 1,144,624 common shares pursuant to a mineral property acquisition, the shares were fair valued at $721,113.
- The Company completed a non-brokered private placement issuing 2,591,667 non-flow-through units (“NFT Units”) at $0.60 per NFT Unit. Each NFT Unit consists of one common share of the Company and one common share purchase warrant that entitles the holder to acquire one additional common share for a period of 36 months from the date of closing at an exercise price of $0.67 The Company also issued 8,079,151 flow-through units (“FT Units”) at $0.65 per FT Unit. Total gross proceeds of the private placement were $6,806,448. Each FT Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company for a period of 36 months from the date of closing at an exercise price of $0.70. The Company recorded a flow-through premium of $403,958. The Company allocated a value of $884,230 to the warrants using the residual method.

  In connection with the financings the Company issued 419,333 finders shares and 419,833 finders warrants. The finder’s warrants were fair valued using the Black-Scholes option pricing model using the following inputs: expected life – 3 years; risk-free rate – 2.20%; expected forfeiture – nil; dividend yield – nil; volatility – 118%. The Company also incurred cash financing costs of $560,765.

(Unaudited - expressed in Canadian dollars)

**c) Share purchase options**

The balance of share purchase options outstanding and exercisable as at January 31, 2019 and July 31, 2018 and the changes for the periods then ended is as follows:

| | Number of Options # | Weighted Average Exercise Price $ | Weighted Average Life Remaining (years) |
|---|---|---|---|
| **Balance, July 31, 2017** | **7,085,000** | **0.81** | **1.59** |
| Granted | 5,000,000 | 0.90 | |
| Exercised | (2,426,000) | 0.46 | |
| Expired | (300,000) | 0.38 | |
| **Balance, July 31, 2018** | **9,359,000** | **0.97** | **1.81** |
| Expired | (2,559,000) | 1.00 | |
| Granted | 2,500,000 | 0.75 | |
| **Balance, January 31, 2019** | **9,300,000** | **0.90** | **2.04** |

The Company recorded share-based compensation expense of $1,136,805 during the six months ended January 31, 2019 (2018 - $1,053,461) as the Company granted 2,500,000 stock options, vesting immediately, to consultants of the Company. The Company fair valued the options granted during the period using the Black-Scholes option pricing model based on the following assumptions:

| | 2019 | 2018 |
|---|---|---|
| Risk-free rate | 2.30% | 0.89%-0.96% |
| Expected life of options (years) | 3 | 2 – 3 |
| Annualized Volatility | 115% | 117%-125% |
| Dividend rate | Nil | Nil |
| Forfeiture rate | Nil | Nil |

As at January 31, 2019, the following share purchase options were outstanding and exercisable:

| Expiry Date | Exercise price $ | Remaining life (years) | Options outstanding |
|---|---|---|---|
| March 21, 2019 | 1.42 | 0.39 | 100,000 |
| June 12, 2019 | 1.06 | 0.61 | 200,000 |
| June 30, 2019 | 0.90 | 0.66 | 200,000 |
| November 2, 2019 | 0.96 | 1.01 | 200,000 |
| March 3, 2020 | 1.25 | 1.34 | 200,000 |
| June 12, 2020 | 1.06 | 1.62 | 1,300,000 |
| August 1, 2020 | 0.95 | 1.75 | 500,000 |
| April 30, 2021 | 0.89 | 2.50 | 4,100,000 |
| August 31, 2021 | 0.80 | 2.84 | 1,000,000 |
| October 23,2021 | 0.72 | 2.98 | 1,500,000 |
| | | | **9,300,000** |

(Unaudited - expressed in Canadian dollars)

**d) Warrants**

The balance of warrants outstanding and exercisable as at January 31, 2019 and July 31, 2018 and the changes for the periods then ended are as follows:

| | Number of Warrants | Weighted average exercise price $ |
|---|---|---|
| **Balance, July 31, 2017** | **10,343,250** | **0.35** |
| Exercised | 30,021,080 | 1.16 |
| Issued | (8,418,662) | 0.25 |
| **Balance, July 31, 2018** | **31,945,668** | **1.14** |
| Expired | 105,772 | 0.20 |
| Exercised | 861,71 | 0.20 |
| Issued | 7,051,076 | 0.67 |
| **Balance, January 31, 2019** | **38,029,255** | **1.08** |

The following table summarizes the warrants outstanding as at January 31, 2019:

| Warrants | Exercise Price | Expiry Date |
|---|---|---|
| # | $ | |
| 6,775,224 | 1.15 | May 12, 2019 |
| 584,734 | 1.15 | May 12, 2019 |
| 1,535,170 | 1.15 | June 12, 2019 |
| 134,473 | 1.55 | June 12, 2019 |
| 10,316,200 | 1.15 | December 27, 2020 |
| 11,632,378 | 1.20 | June 25, 2021 |
| 202,831 | 0.60 | November 21, 2020 |
| 1,535,384 | 0.70 | November 21, 2020 |
| 2,000,000 | 0.67 | November 21, 2020 |
| 217,002 | 0.60 | December 21, 2020 |
| 2,504,192 | 0.70 | December 21, 2020 |
| 591,667 | 0.67 | December 31, 2020 |
| **38,029,255** | **1.08** | |

**e) Restricted Stock Units (“RSU”)**

On January 29, 2017 the Company entered into an agreement to issue 9,500,000 RSU’s as compensation for a service agreement. Each RSU allows the holder to acquire one common share without par value of the Company. The grant date fair value of the RSU is $9,889,500 and is based on the market price of the Company’ common shares at the effective date of January 29, 2017. The amount been recognized evenly over the vesting periods.

As at January 31, 2019, 9,500,000 RSU have vested and 2,200,000 have been exercised.

On May 16, 2018 Marc Bruner, Director and consultant at the time, filed a Petition against the Company in British Columbia Supreme Court seeking a declaration that the Company acted unfairly and in bad faith by not permitting shares to vest that he alleges were owed to him and an order to direct the Company to issue the shares and to compensate him for any losses that he may have suffered. The Company has reviewed the Petition and believes the claims are without merit. The Company intends to vigorously defend this matter and has filed a Response to the Petition which includes set-off claims against Mr. Bruner for his breaches of the consultancy agreement (the "Agreement"). In its response to the Petition, the Company also accepted Mr. Bruner's repudiation of the Agreement and as a result the Agreement is terminated.

(Unaudited - expressed in Canadian dollars)

**e) Flow-through obligation**

Flow-through share arrangements entitle the holder of the flow-through share to a 100% tax deduction in respect of qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE"). During the calendar year ending December 31, 2018 the Company received $11,511,134 of flow-through share proceeds and renounced the full amounts at December 31, 2018

During the year ended December 31, 2017 the Company raised $9,165,087 of flow-through funds and renounced the full amount at December 31, 2017. The Company was unable to meet its full flow-through requirements and had a shortfall of $4,081,384. The Company has recorded a tax liability of $425,106. The Company's does not expect to incur any additional costs related to the shortfall of flow-through expenditures.

## 14. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three and six months ended January 31, 2019 and 2018:

| | Three months ended January 31, | | Six months ended January 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | **$** | **$** | **$** |
| Management fees | 66,000 | 1,246,506 | 132,000 | 2,737,406 |
| Geological fees | 14,089 | 2,000 | 36,814 | 17,650 |
| | 86,725 | 1,248,506 | 168,814 | 2,755,056 |

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 January 31, 2019, the Company had $260,074 (July 31, 2018 - $68,354) owing to related parties, all of which is unsecured, non-interest bearing and due on demand. A total payable of $256,050 (July 31, 2018 - $64,330) was owed to directors and officers of the Company and companies owned by them. A payable of $960 (2018 - $960) was owed to a company with common directors and a payable of $3,064 (2018 - $3,064) was owed to a former parent company. The amounts are non-interest bearing and due on demand.

## 15. SEGMENTED INFORMATION

The Company operates in three reportable operating segments, the first being the acquisition and exploration of mineral properties in Canada, USA and Argentina through the Company; the second being the development of zinc-air batteries through its wholly owned subsidiary MGX Renewables and the third being water treatment and mineral extraction of waster water through PurLucid.

(Unaudited - expressed in Canadian dollars)

A breakdown of the Company's assets by operating and geographic segment as at January 31 2019 and July 31, 2018 are as follows:

| | **January 31, 2019** | **July 31, 2017** |
|---|---|---|
| | $ | $ |
| **Mineral properties** | | |
| Canada | 6,165,722 | 5,987,721 |
| USA | 4,695,840 | 3,962,454 |
| Chile | 721,113 | - |
| Argentina | 326,775 | 326,775 |
| Total | **11,909,450** | **10,276,951** |
| | | |
| **MGX Renewables** | | |
| Canada | **4,950,134** | **4,950,134** |
| | | |
| **PurLucid** | | |
| Canada | **10,709,117** | **10,709,117** |

The Company's loss by operating segment for the three and six months ended January 31, 2019 is as follows:

| | **MGX Minerals Inc.** | **MGX Renewables Inc.** | **PurLucid Treatment Solutions.** |
|---|---|---|---|
| | $ | $ | $ |
| Three months ended January 31, 2019 | 4,509,211 | 680,428 | 776,344 |
| Six months ended January 31, 2019 | 9,712,842 | 1,406,170 | 833,242 |
| Total assets | 15,589,420 | 5,237,982 | 15,608,628 |
| Total liabilities | 4,196,127 | 249,529 | 848,961 |

The Company's loss by operating segment during the three and six months ended January 31, 2018 is as follows:

| | **MGX Minerals Inc.** | **MGX Renewables Inc.** | **PurLucid Treatment Solutions.** |
|---|---|---|---|
| | $ | $ | $ |
| Three months ended January 31, 2018 | 5,507,882 | - | - |
| Six months ended January 31, 2018 | 10,395,786 | 120,824 | - |
| Total assets | 20,134,870 | 5,385,752 | - |
| Total liabilities | 1,823,836 | 26,939 | - |

(Unaudited - expressed in Canadian dollars)

## 16. NON-CONTROLLING INTEREST

The Company owns a 60% controlling interest in PurLucid and the remaining 40% held by various other parties is accounted for as a non-controlling interest. Financial information related to PurLucid is as follows:

| | January 31, 2018 | July 31, 2018 |
|---|---|---|
| | $ | $ |
| Current assets | 2,574,781 | 991,005 |
| Equipment | 2,324,730 | 2,308,381 |
| Current liabilities | (805,143) | (779,422 |
| Total liabilities | (848,961) | (1,082,466) |
| Intangible assets | 10,709,117 | 10,709,117 |

During the three and six months ended January 31, 2019 the Company recorded $776,344 and $833,242 of loss, respectively, related to PurLucid (2018 - $nil). PurLucid also received $705,058 in government grants related to research and development expenditures. PurLucid also generated $66,945 of revenue resulting from initial commissioning of the wastewater treatment system. As at January 31, 2019 the system was not in full commercial use and therefore the amounts were recorded against the cost of operating the system.

## 17. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements as at January 31, 2019.

## 18. SUBSEQUENT EVENTS

Subsequent to January 31, 2019:

1. The Company issued 520,000 commons shares in lieu of consulting fees
2. The Company granted 3,825,000 options to certain consultants, directors and officers, the options are exercisable at $0.39 per option for a period of two years from the grant date.

**MGX Minerals Inc.** **Schedule 1**
Schedule of Mineral Properties
For the Six Months Ended January 31, 2019 and 2018
(Unaudited - expressed in Canadian dollars)

The following table summarizes the Company's mineral property assets as at January 31, 2019 and July 31, 2018 and the changes for the periods then ended, and exploration expenditures for the period ended January 31, 2019.

| | Driftwood | Fran | Canada Lithium | US Lithium | Argentina Lithium | Chile Lithium | Case Lake | Silica Projects | Prospects and Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance, July 31, 2018** | **230,231** | **414,429** | **2,720,332** | **3,962,454** | **326,775** | **-** | **2,030,731** | **465,000** | **126,999** | **10,276,951** |
| Paid in cash | - | - | - | 733,386 | - | - | - | - | - | 733,386 |
| Paid by issue of shares | - | - | 178,000 | - | - | 721,113 | - | - | - | 899,113 |
| **Balance, January 31, 2019** | **230,231** | **414,429** | **2,898,332** | **4,688,950** | **326,775** | **721,113** | **2,030,731** | **465,000** | **126,999** | **11,909,450** |
| | | | | | | | | | | |
| **Exploration expenditures** | | | | | | | | | | |
| Administrative | 588 | 69,857 | 1,211 | - | - | - | - | 1,234 | 36 | 72,926 |
| Consulting | 112,625 | 66,220 | 15,313 | 23,143 | - | 194,879 | 65,775 | 69,030 | 18,435 | 565,420 |
| Drilling | 140,000 | 732,385 | 174,150 | 168,360 | - | 98,887 | - | 43,305 | - | 1,357,087 |
| Excavation | - | - | - | - | - | - | - | 4,800 | 146,438 | 151,238 |
| Field work | 27,191 | 161,439 | 48,289 | 353 | - | 122,403 | - | 29,207 | 425 | 389,307 |
| Geological | 9,825 | 4,290 | 68,274 | 66,223 | - | 20,896 | - | 25,275 | 3,900 | 198,683 |
| Lab work | 13,193 | 22,776 | 54,667 | - | - | - | - | 7,808 | 601 | 99,045 |
| Licenses and fees | 8,187 | 3,739 | 10,000 | 403,384 | - | 8,000 | - | - | - | 433,310 |
| Miscellaneous | 1,461 | 27,490 | 6,894 | - | - | 1,249 | - | 4,464 | - | 41,558 |
| Personnel | 31,628 | 229,250 | 48,520 | 63,549 | - | - | - | 4,000 | - | 376,947 |
| Travel & accommodation | 10,039 | 179,665 | 61,015 | 4,123 | - | 57,448 | - | 8,559 | 113 | 320,962 |
| **Total at January 31, 2019** | **354,736** | **1,497,109** | **488,335** | **729,135** | **-** | **503,761** | **65,775** | **197,683** | **169,947** | **4,006,480** |

# <u>Schedule "B"</u>

## Supplementary Information

*[inserted in Schedule "A"]*

## Schedule "C"

## Management's Discussion & Analysis

*[inserted as pages following]*

# MGX MINERALS INC.
303 – 1080 Howe Street
Vancouver, BC V6Z 2T1
Tel.: (604) 681-7735


## MANAGEMENT DISCUSSION AND ANALYSIS
## FOR THE SIX MONTHS ENDED JANUARY 31, 2019

The following Management's Discussion and Analysis ("MD&A"), prepared as of April 1, 2019, 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 six months ended January 31, 2019, together with the audited consolidated financial statements of the Company for the year ended July 31, 2018 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 six months ended January 31, 2019, 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 April 1, 2019.

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 United States, Chile, and Argentina. 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 55% 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 Company is also currently developing a hardrock lithium extraction technology. The Company is developing, with its partner Highbury Energy, advanced gasification technology, to turn petroleum coke into hydrogen and ash concentrate containing containing vanadium in one instance and nickel-cobalt in another. The Company owns, through its wholly owned subsidiary, MGX Renewables ("MGX-R"), Zinc-Air Battery technology suitable for low cost micro and grid scale storage of energy. 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**

Highlights:

The Company completed a non-brokered private placement issuing 2,591,667 non-flow-through units ("NFT Units") at $0.60 per NFT Unit. Each NFT Unit consists of one common share of the Company and one common share purchase warrant that entitles the holder to acquire one additional common share for a period of 36 months from the date of closing at an exercise price of $0.67 The Company also issued 8,079,151 flow-through units ("FT Units") at $0.65 per FT Unit. Total gross proceeds of the private placement were $6,806,448. Each FT Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company for a period of 36 months from the date of closing at an exercise price of $0.70. The Company recorded a flow-through premium of $403,958. The Company allocated a value of $884,230 to the warrants using the residual method.

During the six months ended January 31, 2019, PurLucid completed initial commissioning from its 5m$^3$ per hour NFLi-5 advanced wastewater treatment system. The system was deployed for a 3 week test period as preparation for an additional in-line deployment of a new 10m$^3$ per hour system. The commissioning period resulted in revenues of $66,945 that were offset against the costs of the developing the systems to full commercial use. Subsequent to January 31, 2019 the first system was fully manufactured and being commissioned and is nearing commercial operating. Fabrication and deployment of the second system is scheduled for June 2019.

**DISCUSSION OF OPERATIONS**

The Company recorded a net loss of $11,952,254 ($0.09 per share) for the six months ended January 31, 2019 as compared to a loss of $10,516,610 ($0.13 per share) for the six months ended January 31, 2018.

The increase in loss for the six months ended January 31, 2019 is due to the following:

- Exploration expense of $4,006,480 (2018 - $2,127,520) increased as the Company increased exploration work on the Fran property including additional drilling. The Company also acquired additional lithium properties in Alberta and Utah that resulted in increased exploration work. Additionally, the Company commenced explorations expenditures at its newly acquired Chilean property.
- The Company incurred $3,126,290 (2018 – 2,772,349) of advertising and promotion expenses during the three months ended January 31, 2019. The Company began advertising and marketing of its products and technologies to industry for waste water treatment and mineral extraction to the oil and gas industry. This included hiring a US Cleantech public relations firm. The major marketing and public relations effort generated a significant sales pipeline and global recognition of the Company's technology resulting in winning of the Standard & Poors Global Platts Metals Global 2018 Leadership in Base and Specialty Metals Award for the extraction of lithium from oilfield brine. The Company has engaged consultants from various industries as the Company continues to expand its presence in both the lithium extraction, waste water treatment, battery mass storage and traditional mineral and metals exploration markets.
- The Company incurred management fees of $132,000 (2018 - $2,933,789). Management fees during the six months ended January 31, 2018 included the vesting of Restricted Share Units ("RSU") that were issued to a Director of the Company.

- Consulting fees of $1,191,304 (2018 - $881,438) increased as the Company has increased its presence in the lithium exploration and rapid extraction markets. Additionally, the Company has added additional consulting fees related to activity in the US. The Company is also consolidating the results of its wholly-owned subsidiary MGX Renewables.
- The Company incurred research and development costs of $2,079,250 (2018 - $nil) related to the development of the Zinc-air and water filtration technologies through the Company's subsidiaries MGX-R and PurLucid.
- Office and administration expense increase to $1,380,131 (2018 - $358,005) this is primarily related to the consolidation of MGX-R and PurLucid.

**Results of operations Three Months Ended January 31, 2019:**

During the three months ended January 31, 2019 the Company recorded a net loss of $5,965,983 ($0.04 per share) as compared to a net loss of $5,627,706 ($0.06 per share) for the three months ended January 31, 2018. The change in loss primarily due to an increase in exploration expenses from $1,221,570 to $1,795,518 as the Company completed a drill program on the Fran property. This was offset by a decrease in management fees from $1,246,506 to $66,000. Management fees during the period ended January 31, 2018 included the vesting of RSUs. The Company also incurred $1,038,546 of research and development cost during the period ended January 31, 2019, relating to the development of the Zinc-air and water filtration technologies. During the three months ended January 31, 2018 the Company incurred $1,978,366 of advertising and promotional expenditures which related to the Company acquiring MGX-R and increasing its market presence.

**SUMMARY OF QUARTERLY RESULTS**

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

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **January 31, 2019** | **October 31, 2018** | **July 31, 2018** | **April 30, 2018** |
| Loss and comprehensive loss | (5,965,983) | (5,986,271) | (6,779,158) | (8,083,505) |
| Basic and diluted loss per share* | (0.04) | (0.05) | (0.06) | (0.08) |
| Total assets | 36,436,030 | 35,771,842 | 38,055,472 | 22,705,878 |
| Working capital (deficit) | 251,825 | 361,314 | 5,052,087 | 2,387,736 |

| | Three Months Ended ($) | | | |
|---|---|---|---|---|
| | **January 31, 2018** | **October 31, 2017** | **July 31, 2017** | **April 30, 2017** |
| Loss and comprehensive loss | (5,627,706) | (4,887,904) | (7,737,451) | (3,031,033) |
| Basic and diluted loss per share* | (0.06) | (0.07) | (0.12) | (0.05) |
| Total assets | 25,520,622 | 9,875,187 | 11,563,110 | 4,274,334 |
| Working capital | 6,592,655 | (97,039) | 2,370,658 | (1,382,857) |

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

The increase in net loss for the period ended April 30, 2017 is related primarily to share based payments expense of $1,534,532. The increase in the net loss for the period ended April 30, 2018 is discussed above. The Company also completed a financing during the period ended January 31, 2018 resulting in the increase in working capital.

The loss for the quarter ended July 31, 2017 includes $4,765,040 of management expense related to the vesting of the restricted stock units granted to director.

**Investment in MGX Renewables (Formerly ZincNyx Energy Solutions)**

During the year ended July 31, 2018 the Company acquired a 100% interest in MGX Renewables Inc. MGX-R is focused on the development of zinc-air mass storage systems. MGX-R recently entered the final phase of product development for its next generation zinc-air mass storage systems. The Energy Storage System ("ESS") is designed to deliver power in the range of 20 kilowatt ("kW") – 50 megawatt ("MW") and storage in the range of 120Kilowatt hour ("Kwh") – 1Gigawatt hour ("GWh") over extended periods of time. The rechargeable zinc-air fuel cell technology allows the system o be configured to support a wide range of discharge power, recharge power and duty cycle requirements.

MGX-R is also developing a Power Generation Module (“PGM-5000”) that combines oxygen from the atmosphere with zinc particles drawn from a storage tank to generate electricity. The unit is composed of 24 bipolar plates connected to produce a nominal 24volt output. MGX-R has also developed the ZRM-4500 which is a zinc regeneration module that uses electricity to extract zinc particles from a potassium zincate solution. The unit is composed of 18 bipolar plates connected in series and driven from a nominal 60volt input. The Company is currently in the focused on the optimization and mass production, tooling and testing phase.

During the period ended January 31, 2019 and 2017 the Company recorded the following research and development costs related to MGX-R:

| | **2019**<br>**$** | **2018**<br>**$** |
|---|---|---|
| Personnel | 814,797 | - |
| Operations | 34,367 | - |
| Testing | 6,188 | - |
| Materials | 134,225 | - |
| | **989,577** | **-** |

During the six months ended January 31, 2019 the Company entered into an arrangement agreement (“Spin-out”), with its wholly owned subsidiary MGX Renewables Inc. whereby MGX will complete a spin out of 40% of the common shares of MGX Renewables Inc. pursuant to a plan of arrangement under the Business Corporations Act (British Columbia). Under the terms of the Spin-Out, the Company’s shareholders of record on June 29, 2018 would receive one MGX Renewables Inc. share for each12.4163 MGX shares then held, and MGX shareholders of record on October 22, 2018 would receive one MGX Renewables Inc. share for each 59.8186 MGX shares then held as a return of capital.

**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 January 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. The Company expects the unit to be in commercial use in early 2019.

PurLucid is currently working on completing a new 10m$^3$ high temperature system, capable of 1,500BPD, that is expected to be deployed and on site for testing and optimization in January 2019. PurLucid is also developing a 20m$^3$ system utilized to treat one-through steam generator boiler blowdown brine.

During the six months ended January 31, 2019 the Company incurred the following research and development costs related to the wastewater treatment units and the RBL extraction technology.

| | **2018** **$** | **2017** **$** |
|---|---|---|
| Personnel | 408,366 | - |
| Engineering | 312,569 | - |
| Operations | 54,098 | - |
| Testing | 5,344 | - |
| Materials | 59,748 | - |
| | **840,124** | **-** |

The Company incurred an additional $249,549 of research and development costs related to the advancement of the Company's RBL technology. The costs consistent of consulting and engineering fees.

## MINERAL PROPERTIES

The following table summarizes the Company's mineral property assets as at January 31, 2019 and July 31, 2018 and the changes for the periods then ended, and exploration expenditures for the six months ended January 31, 2019.

| | Driftwood | Fran | Canada Lithium | US Lithium | Argentina Lithium | Chile Lithium | Case Lake | Silica Projects | Prospects and Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance, July 31, 2018** | **230,231** | **414,429** | **2,720,332** | **3,962,454** | **326,775** | **-** | **2,030,731** | **465,000** | **126,999** | **10,276,951** |
| Paid in cash | - | - | - | 733,386 | - | - | - | - | - | 733,386 |
| Paid by issue of shares | - | - | 178,000 | - | - | 721,113 | - | - | - | 899,113 |
| **Balance, January 31, 2019** | **230,231** | **414,429** | **2,898,332** | **4,688,950** | **326,775** | **721,113** | **2,030,731** | **465,000** | **126,999** | **11,909,450** |
| | | | | | | | | | | |
| **Exploration expenditures** | | | | | | | | | | |
| Administrative | 588 | 69,857 | 1,211 | - | - | - | - | 1,234 | 36 | 72,926 |
| Consulting | 112,625 | 66,220 | 15,313 | 23,143 | - | 194,879 | 65,775 | 69,030 | 18,435 | 565,420 |
| Drilling | 140,000 | 732,385 | 174,150 | 168,360 | - | 98,887 | - | 43,305 | - | 1,357,087 |
| Excavation | - | - | - | - | - | - | - | 4,800 | 146,438 | 151,238 |
| Field work | 27,191 | 161,439 | 48,289 | 353 | - | 122,403 | - | 29,207 | 425 | 389,307 |
| Geological | 9,825 | 4,290 | 68,274 | 66,223 | - | 20,896 | - | 25,275 | 3,900 | 198,683 |
| Lab work | 13,193 | 22,776 | 54,667 | - | - | - | - | 7,808 | 601 | 99,045 |
| Licenses and fees | 8,187 | 3,739 | 10,000 | 403,384 | - | 8,000 | - | - | - | 433,310 |
| Miscellaneous | 1,461 | 27,490 | 6,894 | - | - | 1,249 | - | 4,464 | - | 41,558 |
| Personnel | 31,628 | 229,250 | 48,520 | 63,549 | - | - | - | 4,000 | - | 376,947 |
| Travel & accommodation | 10,039 | 179,665 | 61,015 | 4,123 | - | 57,448 | - | 8,559 | 113 | 320,962 |
| **Total at January 31, 2019** | **354,736** | **1,497,109** | **488,335** | **729,135** | **-** | **503,761** | **65,775** | **197,683** | **169,947** | **4,006,480** |

***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.

***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. A geotechnical drill program is currently underway to define hard contacts between magnesite and dolomite host rock for pit optimization.

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

***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.

**Buck Lake Lithium**

On April 7, 2016, the Company entered into an Option Agreement to acquire an undivided 100% interest in the Buck Lake Lithium claims (the “Buck Lake Agreement”). As per the Buck Lake Agreement, the Company must complete the following:

- Make cash payments of $20,000 (paid in April, 2016);
- Make cash payments of $20,000 each due on April 7, 2017 and April 7, 2018;
- Issue 333,332 common shares of the Company (issued at the fair value of $133,333 in May, 2016);
- Issue 333,333 common shares of the Company by April 7, 2017 (issued and fair valued at $398,998 on April 7, 2017); and,
- Issue 333,334 common shares of the Company by April 7, 2018 (issued and fair valued at $310,001)

Additionally, the Company granted a 2% NSR, of which 1% may be repurchased by the Company for a one-time cash payment of $1,000,000.

**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.

**Lisbon Valley**

On February 3, 2017 the Company announced it had entered into an agreement to acquire Lisbon Valley Petro Lithium Project ("Lisbon Valley") in Utah. As per the agreement the Company made cash payments of $75,000 USD (CAD - $98,588), issued 200,000 common shares (fair valued at $296,000) and make all land management fees.

The Company made additional cash payments of $324,632 related to additional claims and land management fees. On August 2, 2017 the Company issued an additional 100,000 common shares, fair valued at $96,000, to acquire additional Lisbon Valley Claims.

**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 six months ended January 31, 2019 a drill program was completed at Kibby and the Company plans to conduct up to an additional 4,800 feet od drilling across four diamond drill holes. Initial samples from the previous drill results ranged from 100PPM lithium to 580PPM lithium.

**Blueberry Unit**

On April 10, 2017 the Company finalized an earn-in agreement to acquire 75% interest in leases covering 110,000 acres located contiguous to the Company's Lisbon Valley project. As per the agreement the Company must complete the following:

- Cash payment of $50,000 USD (paid - $67,800)
- $500,000 USD on or before September 1, 2017 (paid - $648,480)
- $500,000 USD on or before March 1, 2018 (Paid - $640,450)
- $500,000 USD on or before September 1, 2018 (paid - $726,496)
- $450,000 USD on or before March 1, 2019

The Company has also granted a Carry Period ("Carry Period") in which the Company will be responsible for 100% of expenses incurred. The Carry Period will be satisfied once the Company has made all required payments or drilled at least one well on the leases.

As reported in a press release dated August 9th, 2017, a N.I. 51-101 compliant independent assessment of oil and gas reserves by the Ryder Scott Company. The full N.I. 51-101 can be found on Sedar.com

**Chilean Lithium Salars**

On October 9, 2018 the Company entered into a definitive agreement to acquire a 50% interest in three prospective lithium exploration projects located in Chile, ("Chilean Lithium Projects"). As per the terms of the agreement the Company has agreed to make payments of $1.5m, with the first $100,000 payable in cash and the remainder payable in common shares. The Company has also agreed to incur exploration expenditures of $2,000,000 over the next 20 months. During the six months ended January 31, 2019 the Company issued 1,144,624 common shares pursuant to the agreement the shares were fair valued at $721,113.

The Company is focused on continuing to develop its lithium and petrolithium properties and has developed a process for a rapid extraction of lithium from salt brine, including oilfield, geothermal, and natural brine. The process was developed to eliminate the solar evaporation phase which is part of a two-step lithium extraction from brine process in common use. By eliminating the solar evaporation phase the process time could be reduced by 99% from approximately 18 months to one day.

PurLucid also filed a provisional patent related to the recovery of metals and minerals from produced wastewater brine in the oil and gas industry, the patent rights have been exclusively granted to MGX for the life of the patent. This allows the Company to provide flexible fully integrated oilfield solutions to oil and gas operators.

**Power Metals**

On September 18, 2017 the Company entered into an agreement with Power Metals Corp. ("Power Metals") in exchange for common shares of the Company. The terms of the transaction are as follows:

- The Company can acquire all of Power Metal's US Petrolithium Brine assets and a 20% working interest in Power Metal's current hard rock assets and any future assets acquired by Power Metals for the following 36 months
- MGX can acquire an additional 15% working interest in Power Metals hard rock assets for a period of 36 months for a total of $10,000,000.
- MGX will receive a call option to purchase up to 10,000,000 common shares of Power Metals at a price of $0.65 per share for a period of 36 months. The options will be granted to MGX if the Company completes the required share issuances.
- MGX will issue Power Metals 3,000,000 common shares that will be restricted and subject to a release schedule of 1,000,000 shares every 5 months from the signing of a definitive agreement. The first 1,000,000 shares were issued and fair valued at $960,000.

As at January 31, 2019, Power Metals had completed 97 holes at Case Lake, a property held by Power Metals in which the Company has a 20% working interest. The drilling successfully intersected multiple course-grain pale green spodumene zones at shallow depths.

***Prospects***

The Company currently holds the rights to several prospects, the acquisition costs associated with the prospects have been capitalized.

**OUTSTANDING SHARE DATA**

Authorized: Unlimited common shares without par value

All share information is reported as of April 1, 2019, in the following table:

| Type of Security | Number |
|---|---|
| Issued and outstanding common shares | 139,949,597 |
| Stock options with a weighted average exercise price of $0.75 | 13,125,000 |
| Warrants with a weighted average exercise price of $1.08 | 38,024,255 |
| RSU | 7,300,000 |
| Total | 198,398,852 |

## 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 six months ended January 31, 2019 and 2018:

| | Three months ended January 31, | | Six months ended January 31, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| | **$** | | | **$** |
| Management fees[1] | 66,000 | 1,246,506 | 132,000 | 2,737,406 |
| Geological fees[2] | 14,089 | 2,000 | 36,814 | 17,650 |
| | 86,725 | 1,248,506 | 168,814 | 2,755,056 |

[1] Management fees consisted of fees from Jared Lazerson (CEO) and Michael Reimann (CFO) and Marc Bruner (Director and Chairman of the Board)
[2] Geological fees consisted of fees from Andris Kikauka

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 January 31, 2019, the Company had $260,074 (July 31, 2018 - $68,354) owing to related parties, all of which is unsecured, non-interest bearing and due on demand. A total payable of $256,050 (July 31, 2018 - $64,330) was owed to directors and officers of the Company and companies owned by them. A payable of $960 (2018 - $960) was owed to a company with common directors and a payable of $3,064 (2018 - $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 January 31, 2019, the Company had working capital of $251,825 (July 31, 2018 – $5,676,527), has not generated any revenue from operations and has an accumulated deficit of $55,031,100 (July 31, 2018 - $43,140,525). The Company had $3,290,057 of cash at January 31, 2019 (July 31, 2018 - $6,613,350), the Company's operations during the six months ended January 31, 2019 consumed $8,773,502 of cash (2018 - $6,828,619).

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 six months ended January 31, 2019 the Company completed the following financing activities:

- On August 10, 2018 the Company issued 200,000 common shares pursuant to mineral property acquisitions, the shares were fair valued at $178,000 (Note 8).
- On August 22, 2018 the Company issued 89,407 common shares in lieu of consulting fees, the shares were fair valued at $64,373.
- On August 22, 2018 the Company issued 100,000 common shares for the floatation plant rental (Note 8), the shares were fair valued at $72,000.
- On October 4, 2018 the Company issued 100,000 common shares in lieu of consulting fees, the shares were fair valued at $53,000.

- On October 12, 2018 the Company issued 200,000 common shares in lieu of consulting fees, the shares were fair valued at $110,000.
- The Company issued 1,199,198 common shares to increase its ownership in PurLucid by 5%.
- The Company issued 1,144,624 common shares pursuant to a mineral property acquisition, the shares were fair valued at $721,113.
- The Company completed a non-brokered private placement issuing 2,591,667 non-flow-through units ("NFT Units") at $0.60 per NFT Unit. Each NFT Unit consists of one common share of the Company and one common share purchase warrant that entitles the holder to acquire one additional common share for a period of 36 months from the date of closing at an exercise price of $0.67 The Company also issued 8,079,151 flow-through units ("FT Units") at $0.65 per FT Unit. Total gross proceeds of the private placement were $6,806,448. Each FT Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company for a period of 36 months from the date of closing at an exercise price of $0.70. The Company recorded a flow-through premium of $403,958. The Company allocated a value of $884,230 to the warrants using the residual method.

  In connection with the financings the Company issued 419,833 finders shares and 419,833 finders warrants. The finder's warrants were fair valued using the Black-Scholes option pricing model using the following inputs: expected life – 3 years; risk-free rate – 2.20%; expected forfeiture – nil; dividend yield – nil; volatility – 118%. The Company also incurred cash financing costs of $560,765.

During the six months ended January 31, 2019 the Company received proceeds of $172,343 pursuant to the exercise of 861,717 warrants.

During the six months ended January 31, 2019 the Company incurred capital expenditures of $733,386 related to the acquisition of mineral properties; $214,206 pursuant to equipment purchases and $11,000 of reclamation deposits.

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, 2018.

The following standards have been issued but are not yet effective:

### *IFRS 9, Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7, Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 during the period ended January 31, 2019, adoption did not have a material impact on the Company.

***IFRS 16, Leases***
In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases. The standard establishes a single model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged and retains the finance and operating lease distinctions.

## 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 other financial liabilities 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 and by maintaining sufficient cash in excess of anticipated needs. As at January 31, 2019, the Company had working capital of $251,825 (July 31, 2018 – $5,676,527).

### 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.

## 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 three and six months ended January 31, 2019, 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.