

## FORM 7

### MONTHLY PROGRESS REPORT

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

Trading Symbol: XMG

Number of Outstanding Listed Securities: 140,385,960

Date: January 10, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report 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 Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report 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 items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the 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.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

#### **Dispute over control of Issuer**

**The Issuer continues to experience certain business distractions as management continues to disagree about who is holding the CEO/President position and related matters.**

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## **Update Regarding Management Cease Trade Order (“MCTO”) to Allow for Finalization of audited financial statements**

The Annual Filings and interim financial statements for Q1 ended October 31, 2019 were filed on December 30, 2019. The MCTO has been lifted on January 2, 2020.

## **MGX Minerals-UBC Partnership receives funding from Mitacs Accelerate Program for continuous development of high-performance and low-cost silicon anode for next-generation lithium ion batteries**

MGX Minerals Inc.'s collaborative research partnership with the University of British Columbia has been approved for a \$120,000 grant from Mitacs Accelerate program to continue the development of high-performance and low-cost silicon anode materials for next-generation batteries. Following successful optimization of etching process for metallurgical silicon and the demonstration of the produced nanostructured silicon in half-cells in 2019, this grant will allow the team to further develop nanostructured Si/carbon composite anode and validate this high-capacity anode in full-cell conditions in 2020. The team is also reaching out to potential battery materials suppliers and manufactures for third party materials evaluation and joint venture.

The MGX/UBC partnership is targeting to develop a highly efficient, long-lasting silicon anode that will aid in the development of next-generation lithium-ion batteries capable of quadrupling energy density from the current standard of approximately 200 watt-hours per kilogram up to 400 watt-hours per kilogram for use in long-range electric vehicles and grid-scale energy storage. The project utilizes low-cost MGX metallurgical-grade silicon as a feedstock to fabricate nanostructured silicon.

2. Provide a general overview and discussion of the activities of management.

The Issuer's management team has remained focused on its objectives and operational goals to develop its lithium brine extraction technology which recovers previously unattainable lithium in produced water from hydraulic fracturing, conventional oil and oil sands production, geothermal brine and other lithium-rich wastewaters. Additionally, management is continuing its efforts to raise market awareness and value through research and development and other shareholder outreach initiatives. The Issuer's management also continue to seek new revenue streams and opportunities to develop and increase the stakeholder's value and profitability of the Issuer.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**N/A**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**N/A**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A**

8. Describe the acquisition of new customers or loss of customers.

**N/A**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**N/A**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

### Dispute over control of Issuer

The Issuer obtained an order in the Supreme Court of British Columbia that effectively prevents anybody from issuing news in its name. A judge has temporarily ordered that nobody can issue news releases without obtaining approval from three of the Issuer's four board members. Further a litigation was filed by the Issuer claiming breach of fiduciary duty by two Directors Michael Reimann (CFO) and Lyndon Patrick and related damages for issuance of unauthorized press releases in the minimum of \$2,000,000 due to losses in MGX market capitalization.

The court case centres around a series of competing news releases that came out after a contentious Board meeting. A non-monetary counter-claim / explanation has been filed by the two named directors primarily citing use of funds issues with the CEO even though at all times the CFO was in control of the bank accounts and both defendants had full knowledge of any and all expenditures, signed cheques, approved wires etc., these expenditures having occurred over many months or years.

### Dispute over control of Issuer continues - MGX's Patrick, Reimann ask judge to remove Lazerson

MGX Minerals Inc. directors Lyndon Patrick and Michael Reimann, who have been openly at odds with Issuer President Jared Lazerson for months, have asked that a judge in the Supreme Court of British Columbia remove Mr. Lazerson from office. They say that they have many concerns about his actions as president. Among other things, he used the Issuer's credit card for \$10,000 per month in personal expenses, they claim.

The request from Mr. Patrick and Mr. Reimann is contained in a petition that they filed at the Vancouver courthouse on December 5, 2019. The petition seeks an interim injunction that would bar Mr. Lazerson from taking any actions as president of MGX and a court order that would remove him from that position. The men are also asking that Mr. Reimann be appointed acting president until the Issuer's board can vote for a new president.

### MGX Minerals sued by AIS over work in Argentina

MGX Minerals Inc. is facing a lawsuit in the Supreme Court of British Columbia from a joint venture partner. The partner, AIS Resources Ltd., claims that MGX has fallen behind on payments for work on a property in Argentina. AIS is seeking the court-ordered payment of the overdue amount.

The allegations are contained in a brief notice of claim that AIS filed at the Vancouver courthouse on November 1, 2019. The suit stems from an agreement for the Salinitas lithium brine project in Argentina. On July 23, 2018, MGX agreed to acquire an interest in the property, with the payment

for that interest to include a first-year work program of \$600,000 (U.S.), the suit states.

According to AIS, the program began in 2018, as expected, with AIS carrying out the work on MGX's behalf. MGX agreed that it would pay for the exploration promptly, the suit states. It made an initial \$42,000 (U.S.) deposit for that work.

#### **MGX denies leaving unpaid bill for Salinitas work**

MGX Minerals Inc. is responding to the lawsuit from joint venture partner AIS Resources Ltd. MGX denies that it left an outstanding bill for property work in Argentina. The Issuer says that it was under no obligation to make any of the expenditures at issue. MGX is asking that the suit be dismissed.

#### **MGX Minerals issues \$2,985,000 repayment request to Zinc8 Energy Solutions Inc. and provides litigation update**

MGX Minerals Inc. has provided a litigation update covering litigations currently involving the Issuer. All claims against the Issuer have been accounted for in the financial statements of the Issuer, as they are vendor payable or consultants' wages and expenses claims. The Issuer has no reason to believe any legal outcome is likely to significantly exceed amounts already accounted for, and amounts may be significantly less as a number of the claims are contested. As a result of these and other liabilities, MGX has issued a letter of demand to Zinc8 Energy Solutions Inc. for amounts owed of \$2,985,000 dated November 5, 2019, with a request for payment or payment plan within seven days.

#### **Significant outstanding claims against and versus MGX:**

- AIS Resources, filed Nov. 1, 2019;
- Lions Gate Management Group Ltd., filed Sept. 12, 2019;
- Randy Keller, filed Sept. 11, 2019;
- Blue Sun Productions Inc., filed June 18, 2019;
- Marc Bruner, filed May 18, 2018.

#### **Significant outstanding claims by MGX:**

- Lyndon Patrick and Michael Reimann, filed Oct. 10, 2019.

In addition, MGX is currently in arbitration with Dawson Geophysics Inc., regarding a planned geophysics program for its Utah petrolithium project in 2017/2018 that was never executed. Dawson claims approximately \$250,000 (U.S.) in direct preparation costs and has requested additional amounts for additional preparation and lost opportunity because the program was never executed. MGX claims that it was not the operator and that, by expert

opinion, the program was six times as large as it should have been for no practical reason and that MGX was taken advantage of due to limited experience in oil and gas exploration by both Dawson and the operator.

**MGX denies wrongdoing in security guard lawsuit**

MGX Minerals Inc. and its president, Jared Lazerson, deny that they owe anything to Lions Gate Risk Management Group Ltd., a company that provided security guards for Mr. Lazerson. They say that MGX has already paid \$1.59-million to Lions Gate, an amount that exceeds what it is entitled to. They also say that Lions Gate did not obtain approval for all of the work that it did.

The denials from MGX and Mr. Lazerson come in response to a lawsuit that Lions Gate filed in the Supreme Court of British Columbia on Sept. 19, 2019. The brief suit sought damages for a contract in which Lions Gate provided a "protection specialist" and a driver for Mr. Lazerson. According to the suit, MGX cancelled the services on April 1, 2019, without providing any notice. The cancellation resulted in \$176,398 becoming payable, but MGX refused to pay, the suit claimed.

- 13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A**

- 14. Provide details of any securities issued and options or warrants granted. **N/A**

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>

*(1) State aggregate proceeds and intended allocation of proceeds.*

- 15. Provide details of any loans to or by Related Persons.

**N/A**

- 16. Provide details of any changes in directors, officers or committee members.

**N/A**

- 17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**N/A**

## 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 Certificate of Compliance.
2. As of the date hereof there were 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 7 Monthly Progress Report is true.

Dated January 10, 2020.

Jared Lazerson  
Name of Director or Senior Officer

"Jared Lazerson"  
Signature

Chief Executive Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer	For Month End	Date of Report YY/MM/D
<b>MGX Minerals Inc.</b>	<b>December 2019</b>	<b>20/01/10</b>
Issuer Address		
<b>303 – 1080 Howe Street (Registered and Records Address)</b>		
City/Province/Postal Code	Issuer Fax No. ( )	Issuer Telephone No.
<b>Vancouver, BC, V6Z 2T1</b>		<b>604-558-1406</b>
Contact Name	Contact Position	Contact Telephone No.
<b>Jared Lazerson</b>	<b>Chief Executive Officer</b>	<b>604-681-7735</b>
Contact Email Address	Web Site Address	
<b>jared@mgxminerals.com</b>	<b>www.mgxminerals.com</b>	