



ANNUAL INFORMATION FORM

For the year ended July 31, 2016

Dated as of March 31, 2017

FORWARD LOOKING STATEMENTS

This Annual Information Form contains “forward looking statements” within the meaning of Canadian securities legislation. Such forward-looking statements concern the Company and its subsidiaries’ anticipated results and developments in its operations, planned exploration of its properties, plans related to its business and other matters that may occur in the future and include, without limitation, statements with respect to: the Company’s outlook, the strategic plans, timing and expectations for the Company’s exploration, development, rehabilitation and drilling programs; estimates of mineralization from underground sampling results and drilling results; accessibility of properties; and the Company’s ability to raise; interpretation of exploration results; review process and determination regarding production risk; expected cost or returns and manage capital resources and meet working capital requirements.

Such forward looking statements or information are based on a number of assumptions, which may prove to be incorrect. Assumptions have been made regarding, among other things: the conditions in general economic and financial markets; precious metals prices; availability of funds; ability to develop and finance projects; availability of skilled labour; timing and amount of expenditures related to exploration and drilling programs; industry outlook; accuracy of historical trends and effects of regulation by governmental agencies.

Forward looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward looking statements, including, without limitation: the timing and content of work programs; results of exploration activities; the interpretation of technical reports and results and other geological data; receipt, maintenance and security of permits and mineral property titles; environmental and other regulatory risks; project cost overruns or unanticipated costs and expenses; commodity price fluctuations; fluctuations in foreign exchange rates; uncertainty in the Company’s ability to fund the exploration and development of its mineral properties or the completion of further exploration and advancement programs, including the application for certain permits and approvals related thereto; uncertainty as to whether the Company’s exploration programs will result in the discovery, development or production of commercially viable ore bodies or yield reserves; risks related to mineral properties being subject to prior unregistered agreements, transfers, claims and other defects in title; uncertainty in the ability to obtain financing if required; dependence on key personnel; intentions regarding dividends, contemplated legal proceedings and regulatory action and general market and industry conditions.

Forward looking statements are based on the expectations and opinions of the Company’s management on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made. The Company undertakes no obligation to update or revise any forward looking statements included in this Annual Information Form if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.

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GENERAL

Date of Information

All information in this Annual Information Form is as of March 31, 2017, unless otherwise indicated, and the information contained herein is current as of such date, unless otherwise stated.

Conversion Table

All data and information is presented in metric units. In this Annual Information Form, the following conversion factors were used:

2.47 acres	=	1 hectare	0.4047 hectares	=	1 acre
3.28 feet	=	1 metre	0.00386 hectares	=	1 square mile
0.62 miles	=	1 kilometre	0.3048 metres	=	1 foot
0.032 ounces (troy)	=	1 gram	1.609 kilometres	=	1 mile
1.102 tons (short)	=	1 tonne	31.103 grams	=	1 ounce (troy)
0.029 ounces/ton	=	1 gram/tonne	0.907 tonnes	=	1 ton
1 ppm	=	1 gram/tonne	34.286 grams/tonne	=	1 ounce/ton
1 ounce/ton	=	34.286 ppm			
1%	=	10,000 ppm			

Abbreviations and Defined Terms

Ag	Silver	LG	Lerchs-Grossman
Al ₂ O ₃	Aluminum Oxide	M	Metre(s)
		Li	Lithium
Br	Bromine	Mg	Magnesium
CaO	Calcium Oxide	MgC	Magnesium Carbonate
CCM	caustic-calcined magnesia	Mg/L	Milligram per litre
CNR	Canadian National Railway	MgO	Magnesium Oxide
CPR	Canadian Pacific Railway	Na ₂ O	Sodium Oxide
Cu	Copper	NI 43-101	National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i>
DBM	dead burned magnesia	NSR	net smelter return
Fe ₂ O ₃	Iron Oxide	Pb	Lead
I	Iodine	ppm	parts per million
K ₂ O	Potassium Oxide	SiO ₂	Silicon Dioxide
km	kilometres	USGS	United States Geological Survey
L	litre	Zn	Zinc

Currency

All dollar (\$) amounts stated in this Annual Information Form refer to Canadian dollars (\$) or Cdn.\$) unless United States dollars (U.S.\$) are indicated. On March 30, 2017, the noon exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was U.S.\$1.00 = \$1.3279

(\$1.00 = U.S.\$0.7531). On July 29, 2016, the noon exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was U.S.\$1.00 = \$ 1.3041 (\$1.00 = U.S.\$0.7668).

Qualified Persons

Andris Kikauka, is a “qualified person” within the meaning of NI 43-101 and has reviewed and approved the scientific and technical information relating to the Company’s mineral properties disclosed in this Annual Information Form. Mr. Kikauka is the Company’s VP Exploration. Other qualified persons are responsible for the technical and scientific information contained in the technical reports incorporated by reference in this Annual Information Form (See “*Interests of Experts*”).

CORPORATE STRUCTURE

Name, Address and Incorporation

MGX Minerals Inc. (“**MGX**” or the “**Company**”) was incorporated under the name “Defiant Minerals Corp.” under the *Business Corporations Act* (British Columbia) (“**BCBCA**”) on April 27, 2012. The Notice of Articles of the Company was subsequently amended on July 7, 2014 to change the name of the Company to “MGX Minerals Inc.”. MGX is listed on the Canadian Securities Exchange under the symbol “XMG”.

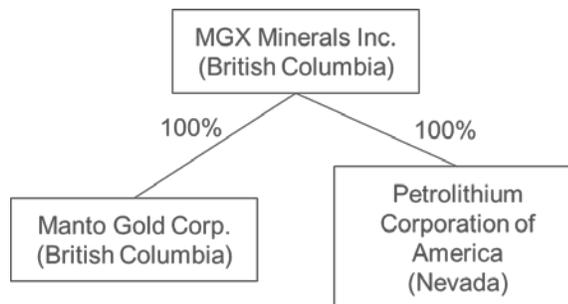
The head office of the Company is located at Suite 303, 1080 Howe Street, Vancouver, British Columbia, V6Z 2T1. The registered office of the Company is located at Suite 310, 318 Homer Street, Vancouver, British Columbia, V6B 2V2.

Manto Gold Corp. (“**Manto Gold**”) is a wholly-owned subsidiary of the Company and was incorporated under the name “Manto Gold Corp.” under the BCBCA on April 12, 2013. Manto Gold became a subsidiary of the Company following completion of a plan of arrangement on July 4, 2014, whereby the shareholders of Manto Gold were issued one common share of the Company (“**Common Share**”) for each common share of Manto Gold held.

Petrolithium Corporation of America (“**Petrolithium**”) is a wholly-owned subsidiary of the Company and was incorporated under the laws of Nevada on March 29, 2017.

Intercorporate Relationship

As at March 31, 2017, the intercorporate relationships of the Company are as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

History

Over the three most recently completed financial years, the following events contributed materially to the development of the Company’s business. For further information regarding the three-year history and recent developments of the Company, see MGX’s public disclosure on SEDAR at www.sedar.com.

Mineral Property Acquisitions and Exploration

Fran Property

Manto Gold entered into an option agreement on May 24, 2013, as amended on June 30, 2013 and further amended on November 26, 2015, to acquire a 100% undivided interest in the Fran Claims property (the “**Fran Property**”) located within the Omineca Mining District 60 kilometres north of Fort St. James, British Columbia.

The option agreement grants a working option to Manto Gold to enter upon and conduct prospecting, exploration, development and other mining work on the Fran Property. Manto Gold will also have the right to earn a vested 100% undivided right, title and interest in and to the Fran Property for the following consideration payable to Manto Resources Ltd.:

- i) paying \$40,000 in four installments of \$15,000, \$10,000, \$10,000 and \$5,000 respectively, beginning on September 30, 2016 and annually thereafter;
- ii) incurring aggregate expenditures on the mineral claims comprising the Fran Property of at least \$100,000, with minimum aggregate expenditures of \$50,000 by September 30, 2016, \$75,000 by September 30, 2017 and \$100,000 by September 30, 2018.

In addition, Manto Gold paid advances against royalties due to three royalty holders, with the first payment totaling \$30,000, \$10,000 of which was paid on or about June 30, 2013. The remaining \$20,000 was paid on September 1, 2013. Advances of future royalty payments are subject to adjustment following the commencement of royalty payments as provided by the terms of the option agreement.

For further details on the Fran Property, see “*Mineral Projects - Fran Property Technical Report*” and the Fran Property Technical Report which is filed under the Company’s profile on SEDAR at www.sedar.com.

Driftwood Property

On July 7, 2014, the Company entered into a purchase and sale agreement with three individuals to acquire up to a 90% interest in the Driftwood Property, consisting of certain mineral claims located 38 km NE of Brisco, British Columbia, covering an area of 326 hectares known to host magnesite mineralization (the “**Driftwood Property**”). Pursuant to the agreement, the Company must complete the following:

- i) perform \$300,000 in exploration and development work by July 1, 2017;
- ii) pay \$50,000 in cash to the vendors by July 1, 2016 (paid); and
- iii) issue 900,000 Common Shares to the vendors by July 1, 2016, (300,000 Common Shares issued in July, 2014; 300,000 Common Shares issued on June 24, 2015 and 300,000 Common Shares issued on July 7, 2016).

On December 19, 2014, the Company filed a mining lease application for the Driftwood Property. The mining lease application is a formal request for the conversion of mineral tenures 511333 and 511335, comprising 265 contiguous hectares, into a mining lease. On January 12, 2015, the mining lease application was accepted and advanced to the consultative phase of the application process with a recommendation to complete a land survey. On September 11, 2015, the final land survey was completed and the results were submitted to the BC Surveyor General and the Mineral Titles Branch for review. On November 4, 2015, the final land survey was approved and the application was reviewed by the Chief Gold Commissioner of the Province of British Columbia. On January 6, 2016, the lease was approved for an initial term of 20 years.

On September 26, 2016, the Company filed a technical report concerning the mineral resource estimate on the Driftwood Property, see “*Mineral Projects - Driftwood Property Resource Technical Report*”. Highlights of this technical report include:

- i) mineral resource totaling 2.828 million tonnes grading 43.24% MgO in the Measured category and 5.2 million tonnes grading 43.29% MgO in the indicated category;
- ii) inferred mineral resource totaling 707,800 tonnes grading 43.20% MgO;
- iii) bulk of resource is located less than 100 meters from surface; and
- iv) opportunities to expand mineral resource along strike and at depth with additional drilling.

Silicon Properties

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 and granted a 0.5% 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.

On June 29, 2015, the Company entered into a purchase and sale agreement (as amended on July 15, 2015) to acquire a 100% undivided interest in the Longworth silica property. As consideration for the acquisition, the Company issued 700,000 Common Shares to Zimtu Capital Corp. (“**Zimtu**”). The Longworth property consists of 15 contiguous claims encompassing 1,084 hectares, located approximately 85 kilometers east of Prince George, British Columbia (the “**Longworth Property**”) and is accessible by a network of well-maintained logging roads.

On December 15, 2015, the Company entered into a purchase and sale agreement with Glen Rodgers and Andris Kikauka to acquire a 100% undivided interest in the Wonah mineral claims for a purchase price of 150,000 Common Shares issuable over the course of two years. The Wonah mineral claims consist of 166 contiguous hectares located in the Fort Steel mining division of British Columbia, three miles southeast of the town of Golden, British Columbia.

On July 18, 2016, the Company filed a technical report on the Longworth Property on SEDAR at www.sedar.com, see also “*Mineral Projects - Longworth Property Technical Report*”.

Alberta Lithium Properties

On January 28, 2016, the Company entered into a mineral property acquisition agreement with Zimtu, DG Resource Management Ltd. and Ridge Resources Ltd. to acquire a 100% undivided interest in 12 Metallic and industrial mineral permits and permit applications encompassing 96,000 hectares throughout the Province of Alberta (the “**Alberta Lithium Claims**”). The Alberta Lithium Claims surround existing wells that have provided the initial historic assays. The Alberta Lithium Claims are generally associated with past producing oil fields that are fully serviced with nearby roads, power and wellheads in place. Six permits are located in Alberta’s Fox Creek area and include wells with reported historic lithium values ranging from 115-140 Mg/L, in the lithium-bearing Leduc and San Hills formations. The six permit applications cover various locations throughout the Province of Alberta including the Keg River, Winterburn and Woodbend Group formations, with reported historic lithium values ranging from 95-140 Mg/L.

Pursuant to the mineral property acquisition agreement for the Alberta Lithium Claims, the Company must complete the following:

- i) make cash payments of \$20,000 on execution of the agreement (paid);
- ii) issue 500,000 Common Shares within 10 days of execution of the agreement (issued);
- iii) issue 500,000 Common Shares by January 28, 2017 (issued); and
- iv) issue 500,000 Common Shares by January 28, 2018.

The Company has the right to accelerate the issuance of Common Shares prior to January 28, 2018.

On April 7, 2016, the Company entered in an option agreement with the Brookes Heyman Lithium Syndicate (the “**Option Agreement**”) to acquire a 100% interest in 160,000 hectares of lithium exploration permits in the Province of Alberta. These permits encompass known historic high-grade lithium values (>100 Mg/L) as reported in the Province of Alberta Industrial Minerals database. Following the acquisition, the Company’s lithium brine bearing land position spanned over 300,000 hectares (1,160 square miles) with significant holdings in the areas of Mackenzie, Fox Creek and Red Deer. Pursuant to the Option Agreement, the Company must complete the following:

- i) make cash payments of \$20,000 on execution of the agreement (paid);
- ii) make cash payments of \$20,000, each due on April 7, 2017 and April 7, 2018;
- iii) issue 333,332 Common Shares on the execution of the agreement (issued);
- iv) issue 333,333 Common Shares by April 7, 2017; and
- v) issue 333,334 Common Shares by April 7, 2018.

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.

On June 22, 2016, the Company filed a technical report on SEDAR at www.sedar.com on various claims it had staked and the above acquired properties, see “*Mineral Projects - Alberta Lithium Properties Technical Report*”.

Sturgeon Lake Property

On August 16, 2016, the Company entered into a mineral property purchase agreement with Zimtu and Patrick Power (the “**Mineral Property Purchase Agreement**”) to acquire 100% interest in the Sturgeon Lake property (the “**Sturgeon Lake Property**”). The Sturgeon Lake Property is located directly south and west of the town of Valleyview in the Swan Hills area of west-central Alberta and consists of 15 contiguous industrial and metallic mineral permits encompassing 132,773.74 hectares. In consideration for the Sturgeon Lake Property, the Company agreed to pay the vendors \$40,000 upon execution of the agreement and issued 1,000,000 Common Shares to each of the vendors.

On October 3, 2016, the Company filed a technical report on the Sturgeon Lake Property on SEDAR at www.sedar.com.

On December 15, 2016, the Company announced that testing of ten wells and two centralized water batteries has been completed on the Sturgeon Lake Property. The centralized water battery testing is being used the purpose of bulk sampling 400 liters of brine. This brine will be run through the bench scale pre-treatment and mineral extraction processes developed by the Company and water purification partner PurLucid Treatment Solutions, see “*Lithium Extraction Technology*”.

For further details, see “*Mineral Projects - Sturgeon Lake Property Technical Report*”.

Utah Lithium Properties

On February 2, 2017, the Company announced it has acquired lithium brine properties located in the Paradox Basin, Utah. The properties includes 888 placer mineral claims inclusive of lithium brine mineral rights covering the majority of the Lisbon Valley oil and gas field.

On February 22, 2017, the Company entered into an arm’s length earn-in agreement (the “**Earn-in Agreement**”) with Scientific Metals Corp. (“**STM**”) pursuant to which the Company can acquire an initial 50% interest in the STM’s Paradox Basin Lithium Brine Property (the “**STM Property**”) located in Utah. The STM Property consists of 111 mineral claims encompassing 2,220 acres located approximately four kilometers’ northwest of Intrepid Potash’s Cane Creek operation. Under the terms of the Earn-in Agreement, the Company has the option to acquire a 50% interest in the Paradox Property by: (i) making a

cash payment of \$50,000 (paid); (ii) issuing 150,000 Common Shares to STM (issued); and (iii) incurring minimum exploration expenditures on the STM Property of no less than \$250,000 over the course of a 12-month period. If the Company earns its 50% interest, the parties will negotiate and enter into a joint venture agreement, pursuant to which the parties shall be equally responsible for all future exploration and development expenses on the Paradox Property. Further, the Company will have the right to participate in an amount of up to 15% of the gross proceeds of any equity or debt financings of STM for a period of 18 months from the date of execution of the Earn-in Agreement. The Earn-in Agreement is subject to regulatory and stock exchange approval.

On March 23, 2017 the Company announced it has entered into a Joint Operating Agreement with a private vendor to act as operator and acquire a 75% working interest in certain underlying oil and gas leases. To earn the 75% working interest, MGX will make payments totaling US\$2,000,000 on or before September 1, 2018. The Company can choose to accelerate payments and issue consideration totaling \$1,700,000 on or before September 1, 2017, in which case the vendor will waive any additional payments due. MGX has granted the vendor a carry period in which MGX shall be responsible for 100% of all expenses incurred. The carry period shall be considered satisfied once MGX has made all required payments and drilled at least one well on the Leases on or before February 28, 2020. Upon satisfying these conditions MGX shall earn an undivided 75% working interest in the Leases and the vendor shall be responsible to contribute proportionate expenses equal to their interest in the Leases.

Lithium Extraction Technology

On February 29, 2016, the Company announced it had engaged Cementation AG (Above Ground Division) for the process and pilot plant engineering of a 20,000 barrel per day lithium, potassium and magnesium extraction plant.

On June 6, 2016, the Company announced it acquired intellectual property and design rights to a proprietary processing design that proposes to reduce lithium brine evaporation times over standard solar evaporation pond processes. The design was developed as part of a Design and Scoping Study done by Cementation AG. All intellectual property rights have been acquired from the inventor.

On November 8, 2016, the Company filed United States Provisional Patent #62/419,011 entitled "A Method for Extraction of Lithium from Salt Brine". The patent application is extensive and comprehensive in its description of a modern industrial process that may significantly advance both operating and development timelines for lithium carbonate recovery from brines.

On November 14, 2016, the Company announced it had entered into an investment agreement with PurLucid Treatment Solutions (Canada) Inc. ("**PurLucid**") to acquire up to a 100% interest in PurLucid, which develops and commercializes a patented water purification technology. The Company also announced its water purification and pre-treatment unit for the Company's lithium extraction pilot plant was completed using PurLucid's technology.

On January 3, 2017, the Company announced that it had successfully extracted lithium from heavy oil evaporator blowdown wastewater, one of the byproducts of steam assisted gravity drainage during production of heavy oil.

Financing Activity

On May 6, 2016, the Company announced it had closed a non-brokered private placement. The Company raised gross proceeds of \$615,000 through the issuance of 6,150,000 units. Each unit was comprised of one Common Share and one full purchase warrant. Each warrant is exercisable into one Common Share at a price of \$0.15 until May 4, 2018 ("**May Warrants**").

On July 27, 2016, the Company announced a rights offering to shareholders of its Common Shares at the close of business on the record date of August 12, 2016, on the basis of one right for each Common Share held. Four rights entitled each holder to subscribe for one unit of the Company for a subscription price of \$0.18. Each unit consisted of one Common Share and one-half of one purchase warrant, with each whole warrant exercisable into one Common Share at a price of \$0.20 per share for a period of 24 months from

the issuance date of the units. The rights were traded on the Canadian Securities Exchange (“CSE”) under the symbol XMG.RT commencing on August 10, 2016 and expired on September 16, 2016. Details of the rights offering were set out in the rights offering notice and rights offering circular which were filed under the Company’s profile at www.sedar.com. In connection with the offering, the Company entered into a soliciting dealer and standby agreement with Mackie Research Capital Corporation (“MRCC”).

On September 21, 2016, the Company closed its rights offering, consisting of 10,062,728 units of the Company which were distributed at a price of \$0.18 per unit for gross proceeds to the Company of \$1,811,291. Each unit was comprised of one Common Share and one-half purchase warrant. Each warrant is exercisable into one Common Share at a price of \$0.20 until September 21, 2018 (“**September Warrants**”). Under the rights offering, 6,759,516 Units were distributed under the basic stand-by privilege and 3,303,212 Units were distributed under the additional subscription privilege. 1,345,537 Units were distributed to persons who were insiders of the Company before the distribution pursuant to their basic subscription privilege. In accordance with the terms of the rights offering and the soliciting dealer agreement, MRCC received a soliciting dealer’s fee and the balance of its corporate finance fee plus expenses totaling \$179,722.91. MRCC was also issued an option entitling it to acquire 1,422,939 Units at an exercise price of \$0.18 per Unit for a period of 24 months following the closing date.

Board Appointments

On January 30, 2017, the Company appointed Marc Bruner as Chairman of the board of directors of the Company (the “**Board**”). Mr. Bruner is a leader in the development of unconventional oil and gas projects throughout North America and internationally. Mr. Bruner will also oversee the development of petro lithium (lithium and oil) acquisitions for the Company.

Significant Acquisitions

The Company has not made any significant acquisitions since it became a reporting issuer.

DESCRIPTION OF BUSINESS

General

The Business of the Company

The Company is focused on building long-term shareholder value through development of industrial mineral portfolios in specific commodities and jurisdictions that offer near-term production potential, minimal barriers to entry and low initial capital expenditures.

The Company is involved in the acquisition and exploration of industrial mineral properties in Western Canada and the United States. The Company holds a portfolio of magnesite and silicon exploration properties in British Columbia, as well as a portfolio of lithium mineral permits and permit applications throughout Alberta and Utah. The Company’s wholly owned subsidiary, Manto Gold, is engaged in gold exploration and holds a right to acquire a 100% interest in the Fran Property.

Specialized Skill and Knowledge

Most aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, exploration, development, construction, production and accounting. The Company has a number of executive officers and employees with extensive experience in mining, geology, exploration and development, as well as executive officers and employees with relevant accounting experience.

Competitive Conditions

The Company competes with major mining companies and other smaller natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these

companies are more experienced, larger and have greater financial resources for, among other things, financing and the recruitment and retention of qualified personnel. See “*Risk Factors – Competitive Conditions*”.

Employees

The Company and its subsidiaries have no full time or part time employees. The Company relies upon consultants to carry on its operations. All management functions of the Company are performed by the executive officers of the Company, either directly or through their consulting companies.

Foreign Operations

The Company’s activities are mainly focused in Canada, however, it has recently advanced exploration of lithium properties in the United States and plans to grow these operations the future.

Mineral Projects

Fran Property Technical Report

*The Company intends to proceed with first steps in the development of the Fran Property, as described in the technical report dated effective May 30, 2013 (the “**Fran Property Technical Report**”) in respect thereof, prepared by Donald G. MacIntyre, Ph.D., P.Eng. of D.G. MacIntyre & Associates Ltd. A summary of the Fran Property Technical Report is as follows, the text of which has been taken directly therefrom and is qualified in its entirety by reference to the Fran Property Technical Report filed on July 25, 2014 and available on SEDAR (www.sedar.com), which should be read together with this summary and is incorporated by reference in this AIF.*

The main target on the Fran Property is high grade gold-poly metallic shear zones and veins that may be amenable to bulk tonnage mining. The original Fran Property consisted of eight mineral claims covering approximately 4000 hectares in the Omineca Mining Division of British Columbia. Additional staking to the east, south and west has expanded the property to 10,227.28 hectares in area. This is a hilly area on the north side of Inzana Lake, 60 kilometres north of Fort St. James, north-central BC with good logging road access.

Old discoveries were made by Richard Haslinger Sr. (original property owner) in the mid 1990's resulting in the staking of the Fran claims. These discoveries sparked significant company interest; preliminary sampling and geology programs by Placer Dome Inc. and Homestake Canada Inc. followed in 1998. An extensive gold (copper) soil anomaly and several mineral occurrences were outlined in the Upper-Hill Top and Lower showings area.

The Fran Property lies within the Quesnellia Terrane of the Canadian Cordillera and is underlain by Takla Group (Late Triassic-Early Jurassic) sedimentary and volcanoclastic rocks intruded by dykes and small stocks of monzonite, monzodiorite, diorite and more.

Significant gold mineralization hosted by shear zones and veins has been intersected by historical diamond drilling. To date a total of 15,574.87 m of diamond drilling has been completed in 87 drill holes. Drilling has tested three areas on the 1.5 kilometre long, northwest trending, 'Bullion Alley' zone. This drilling encountered numerous multi-gram gold intercepts with variable Ag, Cu, Pb and Zn values mainly from quartz-sulfide vein systems within shear zones. The overall grades and tonnages of the zones intersected by this drilling have not yet been calculated as resource estimates have not been done on the property.

It is recommended that the next stage of exploration involve two phases. Phase 1 would involve the calculation of a preliminary resource estimate plus the taking of a bulk sample to determine overall gold grades and metallurgical characteristics. Depending on the results of Phase 1, a Phase 2 program would involve additional infill drilling and bulk sampling in targeted areas. The cost of the Phase 1 program as proposed would be \$100,000. The Phase 2 program would involve an additional expenditure of \$300,000.

Driftwood Property Resource Technical Report

*The Company intends to proceed with first steps in the development of the Driftwood Property, as described in the resource technical report dated effective September 5, 2016 (“**Driftwood Property Resource Technical Report**”) in respect thereof, prepared by Allan Reeves, P. Geo. of Tuun Consulting Inc. A summary of the Driftwood Technical Report is as follows, the text of which has been taken directly therefrom and is qualified in its entirety by reference to the Driftwood Technical Report filed on September 26, 2016 and available on SEDAR (www.sedar.com), which should be read together with this summary and is incorporated by reference in this AIF:*

1.1 Introduction

The Driftwood Property Resource Technical Report was prepared for MGX for the purpose of providing an NI 43-101 initial ('maiden') estimate of the potential MgO resources at the Driftwood Creek Magnesite Deposit (the “**Project**”), British Columbia, Canada. MGX has an option to purchase a 90% interest from the property owners.

Magnesium Oxide is classified as an Industrial Mineral and the Driftwood Property Resource Technical Report has utilized the CIM Best Practices Industrial Minerals Guidelines (November, 2003) to supplement both the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) and the CIM Guidance on Commodity Pricing (2015). For an Industrial Mineral, the guideline states “*the QP should give priority to: (i) the value of the intended mineral product; (ii) market factors; and (iii) applicability of the market criteria to the mineral deposit being assessed.*”

The only mineralization of economic interest on the property is magnesite. Magnesite is MgC and has a theoretical magnesium oxide content of an average grade of 47.6% MgO. Magnesite products are obtained by calcining magnesium carbonate or hydroxide at different temperatures. CCM is a reactive oxide easily hydrated with water and is prepared by burning off carbon dioxide at extremely high heat. MGX's initial plan is to produce DBM, the principal industrial mineral derived from magnesite. It is a refractory material primarily used to line furnaces in the steel industry.

Over 90% of magnesite resources are sedimentary-hosted, either sparry type (also called Mount Brussilof type) as defined in Simandl and Hancock or Kunvarrara type as defined in Simandl and Schultes. The Driftwood Creek Magnesite is a sparry type deposit like the nearby Mount Brussilof Mine at Radium, BC.

Information on active North American Mg producing mines is difficult to obtain. In the United States, (Bray, 2016: USGS 2014 Annual Report) only U.S. Magnesium LLC in Salt Lake City was recovering magnesium electrolytically from the Great Salt Lake brines for which the USGS withheld proprietary production data. The only other U.S. project on record is the Nevada Clean Magnesium (Canada) Tami-Mosi (Wardrop PEA, 2011) which is proposed to test recovery of Mg from dolomite.

In Canada, the situation is similar with the British Columbia Ministry of Energy and Mines withholding proprietary data on the Mt. Brussilof Magnesite Mine (Baymag Inc.) which transports its ore to production facilities in Exshaw, Alberta. Two projects that have been proposed include recovery of Mg from asbestos tailings and mining of Mg-rich dolomite.

Alliance Magnesium Inc. proposed in 2014 to electrolytically produce Mg from asbestos tailings in Québec. Gossan Resources Ltd. has the Inwood Magnesium Project in Manitoba, which is in Mg-rich dolomite that would require a specialized high-efficiency production process. In 2013 Gossan announced that they failed to conclude a definitive agreement with the process developer.

The Driftwood Creek Magnesite Project is amenable to the production of DBM or CCM. According to the USGS (Bray, 2016 Magnesium Compounds) DBM consumption decreased by 9% in 2015 while CCM continued to increase for animal supplements, fertilizer and environmental applications. Magnesium usage in automobile parts continues to increase.

The outlook is favourable as new capacity in China is expected to be limited as older and smaller high-cost producers have shut down with more production anticipated to be lost as the Government enforces environmental regulations on energy-intensive industries.

1.2 Property Description

The Driftwood Project property is located approximately 53 kilometres southeast of Golden, BC, and approximately 164 kilometres northwest of Cranbrook, BC. Access is by Forest Service Road (FSR) from either Brisco or Spillimacheen. Local infrastructure is the paved highway #95, with a CPR spur nearby. The property consists of seven (7) contiguous mineral tenures with a total area of 835.44 Hectares (2,064.42 acres).

The mineral tenures are under option to MGX as outlined in an agreement signed on the July 7, 2014 between MGX and the property owners (P. Klewchuk, G. Rodgers and A. Kikauka). The option agreement specifies that MGX can earn a 90% interest in the Driftwood Creek property by completing \$300,000 in exploration expenditures, making payments of \$50,000 to the property owners and issuing 900,000 Common Shares to the owners prior to July 1, 2017. See also "*Mineral Property Acquisitions and Exploration - Driftwood Property*" herein.

1.3 History

The Project was first described by J. W. McCammon in the 1964 BC Minister of Mines Annual Report. The 1978 BC Assessment Report prepared by Kaiser Resources stated that geological mapping indicated a large deposit of magnesite.

In 1987, Canadian Occidental Petroleum Ltd. staked claims over the deposit and followed up with line-cutting, geological mapping and rock chip sampling in 1989. In 1990, four "NQ" diameter diamond drill holes were completed on the eastern part of the deposit.

Ownership of the property was shared by Klewchuk, Rodgers and Kikauka by the time Tusk Exploration Ltd. conducted diamond drilling in 2008. Tusk drilled a total of seven "NQ" diameter holes.

In July, 2014 the owners entered into an option agreement with MGX and subsequently drilled eight "BTW" diameter diamond drill holes in 2014 and 14 in 2015. That was followed by the collection of a 100-tonne bulk sample in July 2016. Metallurgical test work is currently in progress.

1.4 Geology and Mineralization

The rock units identified on the property, from oldest to youngest are: Hmn1A; Hmn1B; Hmn2; Hmn3; and Hmn4. All five units were placed within the Mount Nelson formation of Proterozoic (Helikian) age by J.E. Reesor in 1957.

The magnesite deposit is within unit Hmn1B and has been described as "a white-buff-cream coloured, very fine grained to very coarse grained (coarser grained near faults/conduits), contains irregular concentrations of siliceous veinlets/laminae/blebs to two centimeters thickness".

The magnesite occurrence is classified as a "Sparry Magnesite" deposit (E09) by the BC Ministry of Energy and Mines (Simandl and Hancock, 1998). This deposit type is characterized by stratabound and typically stratiform, lens-shaped zones of coarse-grained magnesite mainly occurring in carbonates but also observed in sandstones or other elastic sediments.

1.5 Exploration Status

In 2016, 25 percussion drill holes were drilled and sampled for the purpose of obtaining approximately 100 tonnes of magnesite as a bulk sample for detailed metallurgical testwork. Specific Gravity testing was also undertaken.

1.6 Sample Preparation, Analyses and Data Verification

Drill core from the 2008, 2014 and 2015 drill programs were split and half of the core bagged in two or three metre intervals for shipment to one of the labs. The other half was retained in the core racks.

Whole rock analysis was conducted by ALS Minerals at either the Kamloops facility or in North Vancouver. Blank samples were inserted into the sample stream every 20 samples by Andris Kikauka, P.Geo. ALS Minerals maintains ISO certification.

Drill hole locations have been confirmed by different global positioning system surveys performed by WSP Group of Cranbrook, BC.

1.7 Metallurgical Testing

In the 2008 BC Assessment Report #30243 it was reported that SGS Lakefield conducted preliminary beneficiation testing of two composite samples (West and East). A preliminary flowsheet and reagent scheme were developed with magnesite being concentrate being recovered as silicate flotation tailings with an estimated grade of 93.4 (East) and 86.3% (West). Efforts to reduce iron content in the concentrate were unsuccessful.

The June 2016 East Zone bulk sample is still in the process of preparation for testing.

1.8 Mineral Resources Estimate

The mineral resource statement has been prepared under the CIM Definition Standards for Mineral Resources and Mineral Reserves (adopted by CIM Council on May 10, 2014) which defines:

The guideline commentary also clarifies that the phrase *"reasonable prospects for eventual economic extraction"* implies a judgment by the *Qualified Person* in respect of the technical and economic factors likely to influence the prospect of economic extraction. A *Mineral Resource* is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable."

This mineral resource is based on drill data, BC Assessment Reports and sections developed over many years. The information was reviewed and all work believed to have been executed in a professional manner meeting the standards of care in place at the time.

In Tuun's opinion, the existing sample data is considered to be adequate for estimating the Mineral Resource. Tuun considers that the primary focus of the Driftwood Creek Magnesite Deposit will be amenable to magnesium oxide quarrying by a small excavator and truck fleet.

1-1 Driftwood Creek %MgO Resource Estimate

Class	Tonnes x 1000	MgO %	Al2O3%	CaO%	Fe2O3%	Si %
Measured	2,828.1	43.34	1.08	0.90	1.39	5.19
Indicated	5,181.1	43.29	1.17	0.80	1.35	6.16
Meas+ Indic	8,009.2	43.31	1.14	0.84	1.36	5.82
Inferred	707.8	43.17	1.31	0.48	0.57	6.91

Notes

1. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into mineral reserves.
2. The LG constrained shell economics used a mining costs of US\$6.25, processing costs of US\$129.41/tonne and a commodity price of US\$400/tonne 95%MgO DBM.
3. Mineral resources are reported within the constrained shell, using a cut-off grade of 42.5% MgO (based on a 40 year life) to determine 'reasonable prospects for eventual economic extraction'.
4. Tonnages are reported to the nearest 1,000 tonnes, and grades are rounded to the nearest two decimal places.
5. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes grade and contained metal.

1.9 Interpretations, Conclusions and Recommendations

1.9.1 Interpretations

The Driftwood Property is readily accessible by logging road and is within approximately 15km from a paved highway, CPR spurline, and power line. Currently work has been limited between April-October to avoid snowy winter conditions, although it would be possible to quarry magnesite year-round.

The Driftwood Property deposit is a significant magnesite resource classified as a 'sparry magnesite' of probable evaporitic origin. The deposit is hosted by Proterozoic (Helikian) carbonates and elastic sediments of the Mt. Nelson Formation. Some younger felsic and mafic dykes intersect the deposit and may have resulted in recrystallization of the magnesite.

Surface mapping indicates over 1900 m of strike length and that the deposit has been folded into synform-antiforms along the crest of the ridge. Drilling suggests an average magnesite bed thickness of 30m with a variable outcrop width of up to 200m related to exposure of the fold nose. The outcrop being along the ridgetop is ideal for quarrying by helping to minimize the stripping ratio.

Both the East and West Magnesite zones have been drill tested. The section in between appears to have been faulted away. The West zone has a larger areal extent and would be accessible from either end (or both) thus enhancing development opportunities.

The preliminary metallurgical test work by SGS Mineral Services indicates that iron is tied up in the magnesite crystal structure. The work did show that an acceptable magnesite concentrate could be produced with conventional flotation techniques. For this reason, MGX embarked on collecting a one hundred tonne bulk sample for more detailed test work. This test work was in progress at the time of the writing of this report.

1.9.2 Conclusions

There do not appear to be any environmental risks with the Driftwood Property as it is in low-acid generating dolomitic host rocks.

Additional diamond drilling would assist in determining the effects of folding at depth and reduce the uncertainty of whether there is increased silica flooding that would negatively impact development of a long-term marketable magnesite product.

The pending bulk sample testing will provide valuable information as to the quality of the product that the Driftwood Creek Property could provide.

The largest risk, typical of industrial minerals, is with the market. Finding an opportunity as a niche supplier of DBM or CCM product is the main risk. Now that a reasonable grade and tonnage has been established, MGX will need to validate potential product pricing and quality (percentages of impurities).

The Project has sufficient drill data and assays to estimate a maiden magnesium oxide (MgO) resource. The confidence in the estimate will increase with additional infill drilling designed to test along strike and at depth on the presently identified locations of the anticline limbs.

The Project's location atop the ridge enhances development access and reduces pit strip ratios. The background waste rock is either cherty dolomite or stromatolitic dolomite thus the acid rock generating potential of a waste dumps appears to be non-existent, but should be verified.

The author is of the opinion that the Mineral Resource warrants more work.

1.9.3 Recommendations

The Driftwood Property has been known for almost 40 years but has primarily been limited to assessment report work for maintaining claims. While sufficient diamond drilling has been done to outline a resource for estimation, the Driftwood Property would benefit from the following additional work:

- Create consistent and repeatable assay 'standards' for insertion into the drill hole sample stream;
- Adding field duplicates to the assaying procedure;
- More extensive specific gravity sampling to be conducted on all lithologies in future drill campaigns;
- Add down-hole surveys to future drilling protocols;
- Mineralogical studies should be carried out on the magnesite concentrate to determine the nature of the iron contaminant in the magnesite concentrate;
- More batch flotation tests should be conducted with the objective of optimizing the flotation schemes;
- The effect of desliming on the quality of the magnesite concentrate should be revisited;
- Heavy liquid separation on the coarser fractions should be tried;
- The combination of heavy media separation and flotation should be evaluated. Preconcentrate from heavy media separation should be further processed by flotation or if the grade is high enough, it may generate a marketable stream without further processing. Flotation will be likely a part of the process to beneficiate the fine fraction not suitable for HMS;
- Drilling 22 short (12 m) percussion drill holes totaling 268 m, for the purpose of confirming readily accessible near-sur face magnesite (See Appendix C);
- Drilling six diamond drill holes totaling 797 m for the purpose of confirming down dip continuity and contact locations (See Appendix C);
- Complete the bulk sample testwork on the East zone to confirm ability to produce a marketable product;
- Consider a bulk sample site for the West zone;
- Conduct some acid rock drainage testing on potential waste dump material; and
- Complete a preliminary economic assessment as a guide to future development potential.

The estimated cost of the recommended work plan is \$1,073,100.

Longworth Property Technical Report

*The Company intends to proceed with first steps in the development of the Longworth Property, as described in the technical report dated effective June 27, 2016 (the “**Longworth Property Technical Report**”) in respect thereof, prepared by Donald G. MacIntyre, Ph.D., P.Eng. of D.G. MacIntyre & Associates Ltd. A summary of the Longworth Property Technical Report is as follows, the text of which has been taken directly therefrom and is qualified in its entirety by reference to the Longworth Property Technical Report filed on July 7, 2016 and available on SEDAR (www.sedar.com), which should be read together with this summary and is incorporated by reference in this AIF:*

The Longworth Property is located approximately 83 km East-Northeast of the City of Prince George, near the small community of Sinclair Mills on the Fraser River. The main transcontinental CNR rail line is located approximately four kilometres to the east of the property. Road access via a network of well-maintained logging roads comes within two kilometres of the western end of the property. The property consists of 15 contiguous mineral tenures covering an area of 1083.77 hectares. The registered owner of the tenures is J. Lazerson who holds the property on behalf of MGX. The Longworth mineral property covers four bands or zones of Lower Silurian Nonda Formation quartzite that crop out on Bearpaw Ridge. Each zone of quartzite is approximately 300 to 800 m in strike length and 100 to 400 m wide. These areas or zones, referred to as the snow, rain, long and doll trend northwest, dip steeply to the northeast, and form topographic highs on the southwest facing slope of Bearpaw Ridge. Impurities in quartzite include rare

limonite, calcite and muscovite along fractures and joints. The quartzite beds exhibit minor faulting and folding.

In 2015, MGX collected a total of ten rock chip samples from surface outcrops exposed over an area of approximately 150 X 500 m in the snow zone. Rock chip samples collected by MGX and previous operators on the property have returned high, nearly pure values for silica. Based on the range of relatively high purity SiO₂ and relatively low impurity values for Al₂O₃, MgO, CaO, Na₂O, K₂O and Fe₂O₃, it is possible that quartzite from the Longworth Property is suitable for use as a raw material for ferrosilicon production as well as other high purity uses. Because of these encouraging results and the extensive nature of quartzite outcrops on the property, additional exploration work is warranted to determine the true extent and purity of the quartzite and its suitability as a high purity silica source.

A two stage exploration program is recommended for the Longworth Property. The first stage would involve drilling 9 short holes totalling 810 m to test the purity and continuity of quartzite outcrops in the Snow zone. The estimated cost of this exploration program, which would have to be helicopter supported, is \$289,300. If results from the Stage 1 work program are encouraging then additional Stage 2 drilling would be warranted.

Alberta Lithium Properties Technical Report

*The Company intends to proceed with first steps in the development of the Alberta Lithium Properties, as described in the technical report dated effective June 15, 2016 (the “**Alberta Lithium Properties Technical Report**”) in respect thereof, prepared by D. Roy Eccles, M.Sc., P. Geo of Apex Geoscience Ltd. A summary of the Alberta Lithium Properties Technical Report is as follows, the text of which has been taken directly therefrom and is qualified in its entirety by reference to the Alberta Lithium Properties Technical Report filed on June 22, 2016 and available on SEDAR (www.sedar.com), which should be read together with this summary and is incorporated by reference in this AIF:*

APEX Geoscience Ltd. (“APEX”) has prepared the NI 43-101 compliant Alberta Lithium Properties Technical Report in respect of the lithium oilfield brine project in Alberta, Canada. MGX’s Alberta Lithium Properties, which are the subject of this technical report, consist of 30 metallic and industrial mineral permits for a total land package of 243,185.6 hectares (600,924.7 acres). The 30 contiguous and non-contiguous permits can be divided into 15 sub-properties that are located in four general areas of Alberta:

1. The Red Deer group of permits are situated in the Red Deer area of southcentral Alberta and comprise ten permits, including a contiguous cluster of six permits (Buck Lake sub-property) and four non-contiguous permits (Bonnie Glen, Rimbey Homeglen, Erskine and Wimborne sub-properties);
2. The South Peace River Arch group of permits is situated near the communities of Hines Creek and Fairview and south of the Peace River Arch in northwestern Alberta, and comprises ten permits, including a contiguous cluster of four permits (Sand Lake sub-property) and six non-contiguous permits (Clear Lake; Utikuma River; Lesser Slave Lake; Upper and Lower Smoky River; and Pouce Coupe sub-properties);
3. The Fox Creek group of permits is located near the Town of Fox Creek, Alberta and includes two separate groups of contiguous permits: Fox Creek East sub property (four permits) and Fox Creek West sub-property (two permits); and
4. The Southeast group of permits is located north of the City of Medicine Hat, AB and east of the City of Brooks, AB in southeastern Alberta and comprises four contiguous permits (Dishpan Lake sub-property).

The properties were acquired through three separate transactions. MGX holds 100% rights on the permits, which gives MGX the exclusive right to explore for and develop potentially economic deposits of metallic and industrial minerals within the boundaries of the permits subject to meeting bi-annual expenditure requirements. In addition to these permits, MGX has recently applied for additional Alberta Metallic and

industrial mineral permits; these permit applications have yet to be formally granted by the Government of Alberta.

In general, the permits are situated in areas where the energy sector is active year round providing excellent transportation routes, supplies services, equipment and personnel that is associated with Alberta's vast oil and gas sector; consequently there is an unlimited availability of resources including workers and resource field personnel, power, equipment and engineering expertise.

MGX has yet to conduct any exploration, but proposes to assess saline formation water, or brine, for dissolved lithium, potassium, bromine and boron that is hosted in aquifers within Devonian reef complexes of the Beaverhill Lake Group (Swan Hills Formation), Woodbend Group (Leduc Formation) and Elk Point Group (Winnipegosis Formation). The brine is currently being pumped to the surface from depths of between 1,660 m and 3,300 m below surface as a waste product of hydrocarbon production.

Currently, the extracted brine is separated from the petroleum products and then reinjected back into the subsurface. Hence, the brine represents the largest-volume waste stream associated with oil and gas production. It is conceivable that existing water processing procedures could be modified to extract lithium and other elements from the brine; however at this stage of exploration there is no current production and no guarantee that lithium and associated elements can be economically extracted from the brine with current technology.

The properties represent an early-stage exploration project, and at present, MGX is relying on historical brine geochemical fluid data. That is, MGX has yet to conduct any: brine sampling; analytical work; drilling; recovery test work; or mineral resource estimate work. Accordingly, the intent and purpose of this Technical Report is to provide a geological introduction to MGX's properties in accordance with NI 43-101.

As no exploration work has been conducted by MGX on the properties, the History section of the Alberta Lithium Properties Technical Report represents a significant component of this Technical Report and provides an historical overview of:

1. The scale of the Devonian petroleum system in Alberta as any future lithiumbrine operation is dependent on oil and gas industry activity (i.e., access to Devonian formation waters as they are pumped to the surface as a waste product of oil and gas production); and
2. The geochemical fluid results from historical oil and gas formation water sampling and analyses.

The first major oil discovery in Western Canada was made in the Late Devonian (Frasnian) Leduc Formation of the Woodbend Group near the city of Devon, AB in 1947 (Leduc #1 well). Oil has been produced from the Devonian petroleum system in the Alberta portion of the Western Canada Sedimentary Basin ever since. The remaining established reserves of conventional crude oil in Alberta is about $288.2 \times 10^6 \text{m}^3$ – more than one third of Canada's remaining conventional reserves – and the Cretaceous and Devonian reservoirs are the major sources for all remaining conventional oil. The vast Devonian hydrocarbon reserves can largely be attributed to the abundance of mature, excellent to good quality carbonate source rocks. These same porous Devonian rock units host significant volumes of formation water, which can possibly and are currently being assessed for their lithium-enriched brine potential.

Oil and gas well fluid and stratigraphic data presented in this Technical Report were acquired by searching the Alberta Energy Regulator database, who acts as the custodian for oil and gas data in the Province of Alberta. The data is made available via numerous standard oil and gas industry software programs such as GeoSCOUT™. Good judgment is required to assess the quality and validity of data and information obtained from the database.

A historical account of fluid geochemistry of Devonian formations waters from wells that were spudded on the MGX sub-properties shows that:

- Mineralization on MGX's properties consists of Li-enriched Na-Ca brine hosted in aquifers within Devonian carbonate reef complexes predominantly of the Woodbend-Winterburn groups (MGX's Red

Deer, South Peace River Arch and Fox Creek groups of permits) and Elk Point Group (MGX's Southeast group of permits).

- The Devonian formation/aquifer brine samples on the MGX properties were collected from depths of between 1,665 m and 3,666 m below the surface.
- Devonian formation waters from selected wells on the MGX properties reportedly contain up to 140 Mg/L Li (21 separate well analyses average 100 mg/L Li). All 15 sub-properties have at least one well with a recorded lithium content of >75 mg/L Li.
- In general, and given the small selected sample set (n=21 analyses), the Leduc Formation with an average lithium content of 112 mg/L Li has higher values of lithium in comparison to the average contents of the Winterburn Group (91 Mg/L Li), Wabamun Group (86 mg/L Li) and Elk Point Group (76 Mg/L Li).
- Potassium was recorded in four separate Devonian wells yielding between 4,570 and 7,270 Mg/L all of which were recorded in the area of the Red Deer group of permits.
- Formation water from a single well, 00/15-22-033-26W4-0, was analyzed for bromide (956 mg/L Br) and iodide (18 Mg/L I).
- One Triassic sample contained significantly less lithium (26 Mg/L Li) and potassium (430 Mg/L K) showing that the Devonian brines contain higher concentrations of the elements of interest.

As the Devonian petroleum system has generally been subject to hydrocarbon production for decades, many of the fields/pools are classified as mature or have extinguished their hydrocarbon resources. Consequently, an important consideration for Li-brine companies is to investigate Devonian fields/pools with viable petroleum reserves and active hydrocarbon production (i.e., operational lifespan) to ascertain/estimate the Li-brine potential of the associated aquifer going forward. With respect to MGX's properties, the Bonnie Glen, Erskine and Wimborne sub-properties are all reported to have significant remaining established commingled natural gas reserves (15 x 10⁶m³; 24 x 10⁶m³; and 629 x 10⁶m³, respectively; Alberta Energy Regulator, 2015). In addition, the Fox Creek area is undergoing hydrocarbon resurgence in that hydraulic fracturing technology has made tight oil and gas associated with the Woodbend Group (Duvernay Formation shale) accessible to current and future development.

A total of 4,969 oil, gas and water wells – regardless of stratigraphic target age – have been spudded on MGX's properties. Of the 4,969 wells, 228 wells penetrate the Devonian within the MGX permits; the current well status of these wells includes: 41 active wells; 32 suspended wells; 148 abandoned wells; and seven wells of unknown status, which are typically related to shallow water wells. The majority of the Devonian wells, regardless of well status, occur in MGX's Bonnie Glen; Rimbey Homeglen, Wimborne and Erskine sub-properties (Red Deer group of permits in central Alberta) and Fox Creek group of permits in west-central Alberta. Importantly, production records show that these wells are capable of producing substantial volumes of formation water. For example, well 11/08-14-033-26W4, on the Wimborne sub-property, produces about 900 bbls of formation water per day.

This Technical Report has shown that historical formation water geochemical analyses within MGX's properties contain up to 140 mg/L Li, which is equivalent to the highest lithium-enriched brine samples documented to date in Devonian aquifers of the Western Canada Sedimentary Basin. It is recommended, therefore, that MGX conduct a two-phased program to verify and assess Li-brine at its properties. The total estimated cost of both phases is \$600,000 (Table 1). Recommended Phase One work, which is estimated at \$180,000, involves a formation water geochemical sampling program with the objectives of verifying the historical brine chemistry that is presented in this Technical Report. Pending the results of the Phase One exploration work, the purpose and objective of the Phase Two exploration work is to: (i) prepare inferred mineral resource estimations at selected MGX sub-properties; and (ii) conduct laboratory-scaled test work to explore and optimize the elemental recovery process. The total cost of the Phase Two exploration work is estimated at \$420,000.

Table 1. Summary of Phase One and Phase Two recommendations to advance MGX’s lithium-enriched oilfield brine project.

Phase	Item	Description	Cost Estimate	Totals
Phase One	Sampling/analytical program	Collect 100 formation water samples from 70 to 80 separate wells for geochemical analysis	\$180,000	\$180,000
Phase Two	Mineral resource estimations and NI 43-101 Technical Report	Using the results from Phase One work, in conjunction with reservoir characterization, prepare maiden inferred resource estimations	\$120,000	\$420,000
	Recoverability test work	Laboratory-scaled test work to explore and optimize recovery processes	\$300,000	
			Total	\$600,000

Sturgeon Lake Property Technical Report

*The Company intends to proceed with first steps in the development of the Sturgeon Lake Property, as described in the technical report dated effective September 28, 2016 (the “**Sturgeon Lake Property Technical Report**”) in respect thereof, prepared by D. Roy Eccles, M.Sc., P. Geo. and Michael Dufresne, M.Sc., P. Geo. of Apex Geoscience Ltd. A summary of the Sturgeon Lake Property Technical Report is as follows, the text of which has been taken directly therefrom and is qualified in its entirety by reference to the Sturgeon Lake Property Technical Report filed on October 3, 2016 and available on SEDAR (www.sedar.com), which should be read together with this summary and is incorporated by reference in this AIF:*

APEX has prepared a NI 43-101 compliant technical report to introduce one of MGX’s 17 separate lithium oilfield brine sub-projects in Alberta, Canada. MGX’s Alberta lithium-brine portfolio is currently comprised of 58 Alberta metallic and industrial mineral permits totaling 435,732 hectares; these permits occur within 17 sub-properties that are located throughout Alberta and were staked specifically for their lithium-brine potential. The purpose of this Technical Report is to introduce ‘one’ of MGX’s Alberta sub-properties – the Sturgeon Lake sub-property – which consists of 15 contiguous industrial and metallic mineral permits encompassing 132,773.74 hectares.

The Sturgeon Lake sub-property is located in west-central Alberta, directly south and west of the Town of Valleyview, approximately 85 km east of the city of Grande Prairie and 270 km northwest of the capital city of Edmonton, Alberta. MGX has recently acquired the Sturgeon Lake sub-property and owns 100% interest in the mineral rights. In Alberta, rights to metallic and industrial minerals, to bitumen (oil sands), to coal and to oil/gas are regulated under separate statutes, which collectively make it possible for several different ‘rights’ to coexist and be held by ‘different grantees’ over the same geographic location. In Alberta, lithium is considered a metal or mineral, and therefore, the statutes fall under industrial and metallic mineral legislation that is regulated and administered by Alberta Energy. Accordingly, the Alberta metallic and industrial mineral permits grant MGX the exclusive right to explore for metallic and industrial minerals for seven consecutive two-year terms (total of 14 years), subject to biannual assessment work.

The Sturgeon Lake sub-property represents an early-stage exploration project, and at present, MGX is relying on historical brine geochemical fluid data to assess the lithium-brine potential. These 1990’s to 2010’s government and industry formation water studies have reported that anomalous values of Li and other elements (e.g., potassium, “K”; boron, “B”; and bromine, “Br”) occur in Devonian aquifers associated with carbonate buildups in the Leduc Formation of the Devonian Woodbend Group and the

Swan Hills Formation of the Devonian Beaverhill Lake Group. In the case of the Sturgeon Lake sub-property, brine from the Leduc Formation aquifer is pumped to the surface from depths of approximately 2,500 m as part of hydrocarbon production associated with Sturgeon Lake's Devonian-aged oilfield production.

To date, MGX has yet to conduct any brine sampling, analytical work, drilling, recovery test work, or mineral resource estimate work at the Sturgeon Lake sub-property. Accordingly, the intent and purpose of this Technical Report is to provide a geological introduction to MGX's Sturgeon Lake sub-property that is in accordance NI 43-101.

As exploration work has yet to be conducted by MGX on the property, the History section of the Sturgeon Lake Property Technical Report represents a significant component of this Technical Report and:

1. Provides an overview of the Sturgeon Lake oilfield, which is encompassed by and underlies MGX's Sturgeon Lake sub-property; and
2. Summarizes brine geochemical fluid results from historical oil and gas formation water sampling and analyses.

The Sturgeon Lake oilfield represents a mature petroleum field. That is, in the early history of this oilfield (mid-1950's), most wells started out pumping hundreds to thousands of barrels of petroleum products per day, which required little active pumping to extract. However, at present most of the wells produce excessive amounts of formation water in comparison to petroleum products due to increased pumping to generate crude oil. Based on compiled fluid data, a total of 73,178,693 m³ of liquid was pumped from Leduc Formation target wells in the Sturgeon Lake oilfield from 1961 to the end of 2010, of which 72% was classified as Devonian formation water (brine).

Currently, the extracted water is treated to separate and remove petroleum products and then injected back into subsurface formations. By comparison with the example given above, a total of 73,146,659 m³ of fluid was injected back into the Leduc Formation over the same length of time, representing a difference of less than 1% between net total brine pumped and brine injected volumes. It is conceivable that existing water processing procedures could be modified to extract lithium and other elements from the Leduc Formation aquifer system formation water; however at this stage of exploration there is no guarantee that Li and associated elements (K, B, and Br) described above will be economically extractable from the formation waters with current technology.

Government of Alberta studies documented that at least 25 wells with the Sturgeon Lake oilfield area have yielded anomalous concentrations of lithium in formation water samples from the Beaverhill Lake and/or Woodbend (Leduc) aquifers (i.e., greater than 50 mg/L Li; note: 1 mg/L is equal to 1 ppm). Five of these wells have reported concentrations of over 75 mg/L Li in the Beaverhill Lake aquifer and ten wells have reported concentrations of over 75 mg/L Li in the Woodbend (Leduc) aquifer. The Devonian aquifers are situated at prospective depths of between 2,300 and 4,000 m, and the formation water is accessible via producing petroleum wells that pump the brine to the earth's surface – essentially as waste water associated with hydrocarbon production.

To confirm the Government of Alberta accounts of specialty metal enrichment in the Sturgeon Lake oilfield brine, a 2011 formation water sampling program conducted by APEX on behalf of the then owners of the property, Lithium Exploration Group, collected 62 samples from 60 separate wells; this historical program was completed within the boundaries of the current MGX Sturgeon Lake sub-property. Of the 62 samples, 47 were collected from the Woodbend (Leduc) aquifer – the main Devonian producing horizon in the Sturgeon Lake oilfield. Other samples included formation waters that were hosted within aquifers of the following geological ages: Mississippian (1 sample from Banff), Triassic (11 samples from Montney, Spray River and undefined), Jurassic (one sample from Nordegg) and Cretaceous (two samples from Wapiabi, Gething) samples.

The 2011 water formation sampling program confirmed that lithium and other elements are present in anomalous concentrations (e.g., greater than 75 mg/L Li) in the Woodbend (Leduc) aquifer associated with the Sturgeon Lake oilfield underlying the Sturgeon Lake sub-property. The Leduc formation water

contained the highest elemental values, including up to: 83.7 mg/L Li; 6,470 mg/L K; 137 mg/L B; and 394 mg/L Br. Formation waters of the Devonian-aged aquifers contained significantly higher specialty metal values in comparison to younger-aged (Mississippian to Cretaceous) aquifers in the property area. This conclusion is consistent with published studies that state the Devonian petroleum system could be of economic interest from a lithium-brine perspective (Hitchon et al., 1993, 1995; Underschultz et al., 1994; Bachu et al., 1995; and Eccles and Behrane, 2011).

The historical compilation work shows there are two prospective areas for Leduc aquifer-hosted Li, K, B and Br in the northern and east-central parts of the Sturgeon Lake reef complex, both of which are within the Sturgeon Lake sub-property. The two anomalous areas are associated with oilfield pools/operations that are located approximately 21 km apart. The northern area contained an historic Leduc brine analysis of 140 mg/L Li and the east-central area yielded several Leduc brine samples with greater than 75 mg/L Li.

Because the Li-brine occurs at a depth of approximately 2,500 m below surface, it was not possible to view ‘mineralization’ during the site inspection. Rather, several actively producing oil and gas wells and plants within the boundaries of the Property were observed, including: Canadian Natural Resources Limited Sturgeon Lake South Plant; Well CNRL Sturllks 07-11-069-22W5; Well CNRL Sturllks 08-11-069-22W5; and Well CNRL Sturllks 11-11-069-22W5. Annual production from these wells is 55-1,056 m³ oil, 32-134 e³m³ gas and 2,690-7,958 m³ water (to April 29th, 2016) illustrating the sheer volume of brine produced from these Devonian production wells.

With respect to recommendations, it is important to point out that the Sturgeon Lake lithium-brine project is still an early stage exploration project. To advance the project, MGX will have to form an agreement with the oil and gas companies to access the brine, and provide some evidence of a viable extraction methodology that can recover elements of interest from Alberta oilfield brine. Accordingly, the authors recommend a two-phased exploration approach with a total estimated cost of \$535,000 (Table 1).

Recommended Phase One work involves negotiating access to the formation waters with the oil and gas companies, and a formation water geochemical sampling program with the objectives of: (i) testing brine throughout the Sturgeon Lake oilfield to confirm lithium-brine enrichment and fully quantify those areas with elevated specialty elements; and (ii) collect water samples for bench-scaled test work focused on the extraction and recovery of lithium and other elements of interest. The sampling program should collect approximately 75-100 formation water samples from 70 to 80 separate wells (if possible). In addition to analytical samples, the program should include optimally sized samples to initiate element extraction/recovery test work as part of Phase Two work. The total of the Phase One exploration work is estimated at \$80,000.

Pending positive results of the Phase One sampling/analytical program, the objective of Phase Two program is to: conduct mineral separation test work; and to prepare a lithium-brine mineral resource estimate at the Sturgeon Lake sub-property. Laboratory test work should be conducted to optimize the elemental recovery process towards determination of a reasonable prospect for eventual economic extraction. Initial metal recovery experiments should focus on those techniques that eliminate traditional methods of invasive mining or evaporation ponds that require significant land, water, and energy use. The estimated cost of the preliminary mineral separation test work, which excludes any costs associated with water storage and/or disposal, is expected to cost \$300,000. The estimated cost of mineral resource estimate Technical Report is \$120,000, which will include hydrogeologic characterization of the aquifer and determination of reasonable prospect for eventual economic extraction. It is also recommended that Phase 2 include preliminary land management planning studies including investigation into surface dispositions and environmental studies. The total cost of the Phase Two exploration work is estimated at \$455,000.

Table 1. Summary of Phase 1 and Phase 2 recommendations to advance the Sturgeon Lake oilfield lithium-brine property.

Phase	Item	Description	Cost Estimate	Totals
Phase One	Access management planning	Negotiate formation water access with the oil and gas	\$5,000	\$80,000

Phase	Item	Description	Cost Estimate	Totals
		companies		
	Sampling/analytical program	Collect 100 formation water samples from 70 to 80 separate wells for geochemical analysis	\$75,000	
Phase Two	Mineral resource estimations and NI 43-101 Technical Report	Using the results from Phase One work, in conjunction with reservoir characterization, prepare maiden inferred resource estimations	\$120,000	\$455,000
	Recoverability test work	Laboratory-scaled test work to explore and optimize recovery processes	\$300,000	
	Land management planning	Initiate surface disposition and environmental studies	\$35,000	
			Total	\$535,000

Risk Factors

The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent in the mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected.

Risks Inherent in the Mining Business

The business of exploring for mineral resources is inherently risky. Few properties that are explored are ultimately developed into producing mines. The business involves significant financial risks over a significant period of time that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the Company’s current or proposed exploration programs will result in commercially viable mining operations.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no certainty that the expenditures made by the Company towards the search, evaluation and development of mineral deposits will result in commercial quantities of ore.

Even after the commencement of mining operations, such operations may be subject to risks and hazards, including availability of a suitably trained or trainable labour force, an effective working relationship between the Company and its labour force, successful renegotiation of labour contracts when they expire, particularly with respect to its unionized labour force and related collective agreement, environmental hazards, industrial accidents, unusual or unexpected geological formations or conditions, unanticipated metallurgical difficulties, the ability to acquire on a timely basis the equipment and materials necessary to operate the mine at full planned capacity, weather conditions (including historically unforeseen and unpredictable changes in weather patterns such as significantly increased severity of adverse conditions, rock bursts, cave-ins or other ground control problems, seismic activity, flooding, water conditions and concentrate losses. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties or production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse government action.

No History of Operations or Earnings

The Company has no history of operations or earnings. The Company is an exploration stage company, and no operating revenues are anticipated until one of the Company's projects comes into production, which may or may not occur. As such, any future revenues and profits are uncertain. The Company is subject to many risks common to such enterprises, including under capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that an investor will be successful in achieving a return on an investment in the Common Shares of the Company and the likelihood of success must be considered in light of its early stage of development. The Company will require additional financing to further explore, develop, acquire, and achieve commercial production on, its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its property interests and carry out its business plan.

There can be no assurance that any of the Company's properties will be successfully placed into production, produce minerals in commercial quantities or otherwise generate operating earnings. Advancing projects from the exploration stage into development and commercial production requires significant capital and time and will be subject to further technical studies, permitting requirements and construction of mines, processing plants, roads and related works and infrastructure. The Company will continue to incur losses until mining related operations successfully reach commercial production levels and generate sufficient revenue to fund continuing operations. There is no certainty that the Company will generate revenue from any source, operate profitably or provide a return on investment in the future.

No Mineral Production

The Company does not have an interest in a producing mineral property. There is no assurance that commercial quantities of minerals will be discovered at any company property, nor is there any assurance that any future exploration programs of the Company on any of its properties will yield any positive results. Even where potentially commercial quantities of minerals are discovered, there can be no assurance that any property of the Company will ever be brought to a stage where mineral reserves can be profitably produced thereon. Factors which may limit the ability of the Company to produce mineral resources from its properties include, but are not limited to, the price of mineral resources, availability of additional capital and financing and the nature of any mineral deposits.

Additional Capital and Financing Risks

The Company plans to focus on exploring for minerals and will use its working capital to carry out such exploration. The Company has no source of operating cash flow. The exploration and development of the Company's properties may be dependent upon the Company's ability to obtain financing through equity or debt, and there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's projects.

Commodity Markets

The price of the Company's securities, its financial results, and its access to the capital required to finance its exploration activities may in the future be adversely affected by declines in the price of precious and base metals. Precious metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuations, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors adversely affect the price of precious and base metals, the market price of the Company's securities may decline.

Risk to the Growth of Lithium Markets

The development of lithium operations in Utah and Alberta is highly dependent on the adoption of lithium-ion batteries for electric vehicles and other large format batteries that currently have limited market share and whose projected adoption rates are not assured. To the extent that such markets do not develop in the manner contemplated by the Company, then the long-term growth of lithium products will be adversely affected, which would inhibit the potential for development of the projects, their potential commercial viability and would otherwise have a negative effect on the business and financial condition of the Company.

Competitive Conditions

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability.

The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Loss of Key Personnel

The Company depends on the business and technical expertise of a number of key personnel, including its directors and executive officers and key personnel working in management and administrative capacities as consultants. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is high. As the Company's exploration and development activities expand, it will require additional key personnel. The Company does not maintain life insurance for such personnel. The loss of any key personnel, or the failure to retain such personnel, could have a material adverse effect on the Company's future operations and financial condition.

Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental

hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of certain of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's mineral concessions may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

Conflicts of Interest

Certain of the directors and officers of the Company may be engaged in other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers may become subject to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Surface Rights

The majority of the Company's mineral properties are located in remote and relatively uninhabited areas. There are currently no areas of interest within the Company's mineral concessions that are overlain by significant habitation or industrial users, however there are potential overlapping surface usage issues in some areas. The Company will be required to negotiate the acquisition of surface rights in those areas where it may wish to develop mining operations. There can be no assurance that the Company will be able to negotiate and acquire surface access rights on terms acceptable to the Company or at all.

Seasonality

The level of activity in the Canadian natural mineral industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of certain heavy equipment, thereby reducing activity levels. Also, certain mineral producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of the Company's work, which in turn could have a material adverse impact on the Company's business, operations and prospects.

Global Financial Conditions

Recent global financial conditions have been characterized by volatility, and access to public financing, particularly for junior mineral exploration companies, has been negatively impacted. These conditions may

affect the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. If such conditions continue, the Company's operations could be negatively impacted.

DIVIDENDS

Dividends

Since its organization, the Company has not paid any dividends on its Common Shares and there is no intention to pay dividends in the future.

CAPITAL STRUCTURE OF MGX

General Description of Capital Structure

The Company's authorized share capital is comprised of an unlimited number of Common Shares without par value and without special rights or restrictions attached. As of March 31, 2017, the Company had 61,740,287 Common Shares issued and outstanding, 9,167,897 Warrants (as defined below), 5,385,000 Options (as defined below), 9,500,000 RSUs (as defined below) and 1,266,667 Common Shares issuable pursuant to contractual obligations (see "*General Development of the Business - Mineral Property Acquisitions and Exploration*").

Common Shares

Each Common Share ranks equally with all other Common Shares with respect to distribution of assets upon dissolution, liquidation or winding-up of the Company and payment of dividends. The holders of Common Shares are entitled to one vote for each share on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the Board. The holders of Common Shares have no pre-emptive or conversion rights. The rights attaching to the Common Shares can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of shareholders called for that purpose.

Warrants

As at March 31, 2017, the Company had 9,167,897 Common Share purchase warrants outstanding (the "**Warrants**") comprised of 5,200,000 May Warrants and 3,967,897 September Warrants. See "*General Description of the Business - Financing Activity*".

Options

All of MGX's officers, directors, employees and consultants are eligible to participate in MGX's stock option plan (the "**Stock Option Plan**"). The Stock Option Plan provides for the issuance of stock options to acquire up to that number that is 10% of the issued and outstanding Common Shares of MGX as at the date of the respective grant. As at March 31, 2017, there were 5,385,000 options to purchase Common Shares outstanding under the Stock Option Plan ("**Options**").

RSUs

On January 29, 2017, the Company and Marc Bruner entered into a consulting agreement (the "**Bruner Consulting Agreement**"). Pursuant to the Bruner Consulting Agreement, as compensation for his services, Mr. Bruner was granted 9,500,000 restricted stock units ("**RSUs**"). Each RSU, when vested, will entitle Mr. Bruner to one fully paid and non-assessable Common Share. Between 1,425,000 and 1,675,000 RSUs will vest every three months from May 1, 2017 to August 1, 2018, subject to accelerated vesting at the discretion of the Board.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares of the Company commenced trading on the CSE under the symbol “XMG” on October 7, 2014. The monthly high and low closing prices and trading volumes for the Company’s Common Shares on the CSE are as set out below for the months indicated:

Month	High (\$)	Low (\$)	Volume
August 2015	0.69	0.60	204,730
September 2015	0.70	0.55	240,048
October 2015	0.60	0.50	174,450
November 2015	0.55	0.40	171,726
December 2015	0.41	0.15	152,340
January 2016	0.25	0.15	1,193,826
February 2016	0.18	0.13	2,415,530
March 2016	0.13	0.11	1,621,660
April 2016	0.23	0.09	7,460,720
May 2016	0.40	0.22	4,795,390
June 2016	0.26	0.18	1,947,025
July 2016	0.19	0.17	1,103,511
August 2016	0.23	0.16	4,259,020
September 2016	0.27	0.14	8,180,550
October 2016	0.19	0.15	2,938,850
November 2016	0.44	0.44	9,558,140
December 2016	0.54	0.32	7,631,430
January 2017	2.75	0.55	26,842,150
February 2017	2.25	0.92	21,833,760
March 1 - 30 2017	1.80	1.16	6,551,390

The September Warrants issued in connection with the closing of the rights offering on September 21, 2016 began trading on the CSE on September 23, 2016 under the symbol XMG.WT. The monthly high and low closing prices and trading volumes for the warrants are as set out below for the months indicated:

Month	High (\$)	Low (\$)	Volume
September 2016	0.08	0.03	351,920
October 2016	0.05	0.04	344,000
November 2016	0.25	0.05	576,095
December 2016	0.31	0.18	70,134
January 2017	2.54	0.39	1,075,302
February 2017	2.07	0.95	2,402,720
March 1 - 30 2017	1.50	1.10	27,500

Prior Sales

Since the beginning of the most recently completed financial year, the Company has issued the following securities that are outstanding but not listed or quoted on a market place:

Date of Issue	Number of Securities	Security	Exercise Price Per Security (\$)
May 4, 2016	5,200,000	May Warrants	0.15
May 5, 2016	1,050,000	Options ⁽¹⁾	0.40
January 24, 2017	2,835,000	Options ⁽²⁾	1.00
January 30, 2017	9,500,000	RSUs	-
March 3, 2017	200,000	Options ⁽³⁾	1.25
March 21, 2017	100,000	Options ⁽⁴⁾	1.42

Notes:

- (1) Expire May 5, 2018 and vested immediately upon grant.
- (2) Expire January 24, 2019 and vested immediately upon grant.
- (3) Expire March 3, 2020 with 50,000 Options vesting upon issuance and after each of three, six and nine months from the date of issuance.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION

Escrowed Securities

To the Company's knowledge, there are no securities in escrow; however, certain securities are subject to contractual restrictions on transfer.

The Company entered into stock restriction agreements with its directors and officers dated August 21, 2014. The following table describes the directors' and officers' remaining restricted share holdings as of March 31, 2017:

Shareholder	Number of Restricted Common Shares	Percentage of Class ⁽¹⁾
Jared Lazerson	1,524,844	2.5%
Lyndon Patrick	1,474,374	2.4%
Andris Kikauka	75,000	0.1%
Michael Reimann	180,000	0.3%
H. David Read	789,302	1.3%
TOTAL	4,043,520	6.5%

Note:

- (1) Percentage based on 61,740,287 Common Shares issued and outstanding as at March 31, 2017.

The stock restriction agreements have the following vesting provisions:

Vesting Date	Proportion of Vested Shares
On October 7, 2014 (the "Listing Date")	1/10 of the vested shares
6 months after the Listing Date	1/6 of the remainder of the vested shares
12 months after the Listing Date	1/5 of the remainder of the vested shares
18 months after the Listing Date	1/4 of the remainder of the vested shares
24 months after the Listing Date	1/3 of the remainder of the vested shares
30 months after the Listing Date	1/2 of the remainder of the vested shares
36 months after the Listing Date	The remainder of the vested shares

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth the name, province or state and country of residence, position with the Company at the date hereof, and principal occupation during the five preceding years of each director and executive officer of the Company. Each of the directors of the Company holds office until the next annual general meeting of the Company unless the director's office is earlier vacated in accordance with the articles of the Company or the director becomes disqualified to serve as a director.

Name, Province and Country of Residence	Office	Date of Appointment as Director	Principal Occupation Within the Five Preceding Years
Jared Lazerson Vancouver, British Columbia, Canada	Chief Executive Officer, President, Secretary and Director	July 4, 2014	Officer of MGX; Consultant to Manto Resources Ltd.; Independent investor trading commodities, currencies and indices.
Michael Reimann ⁽¹⁾ Vancouver, British Columbia, Canada	Chief Financial Officer, Director	July 4, 2014	Officer of MGX; Chief Financial Officer of Skana Capital Corp. from 2006-2011; Director of Triangle Industries since 2008.
Andris Kikauka Vancouver, British Columbia, Canada	Vice President of Exploration and Director	July 4, 2014	Officer of MGX; Project Geologist at Goldrea Resources Corp. and at Rio Minerals Ltd., a mineral exploration geotechnical consulting firm.
Lyndon Patrick ⁽¹⁾ Vancouver, British Columbia, Canada	Director	July 4, 2014	Independently practicing lawyer.
Hugh David Read ⁽¹⁾ Vancouver, British Columbia, Canada	Director	July 4, 2014	Independent investor in the stock market and real estate market; Consultant to Manto Resources Ltd. from late 2011 to present; Consultant to Manto Gold Corp. from 2013 to present.
Marc Bruner ⁽²⁾ MetzerlEn, Switzerland	Chairman of the Board	January 30, 2017	CEO of Paltar Petroleum Limited, Chairman of Falcon Oil & Gas Ltd.

Notes:

- (1) Member of the Audit Committee.
 (2) Mr. Bruner was appointed to the Board on January 30, 2017.

As at the date hereof, the directors and executive officers of the Company as a group beneficially owned, or controlled or directed, directly or indirectly, approximately 14,399,939 Common Shares or 23.3% of the issued and outstanding Common Shares of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the proposed directors is, as at the date of this Annual Information Form, or has been, within the ten years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), when such Order was issued while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company; or

- (b) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

No current or proposed director or executive officer of the Company or any shareholder holding a sufficient number of Common Shares to affect materially the control of the Company:

- (a) is, as at the date of this Annual Information Form, or has been, within the ten years preceding the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the ten years preceding the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the business of the Company. In particular, certain of the proposed directors and/or officers of the Company serve as directors and/or officers of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties and whose business may, from time to time, be in direct or indirect competition with the Company. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. Conflicts, if any, will be subject to and governed by laws applicable to directors' and officers' conflicts of interest, including the procedures and remedies available under the BCBCA. The BCBCA provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA. The Company is not aware of any existing or potential material conflicts of interest between the Company and any current or proposed director or officer of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings in the Company's last financial year which are material and to which the Company is a party or to which any of its properties are subject, and there are no such proceedings known to the Company to be contemplated.

Regulatory Actions

During the Company's last financial year:

- (e) no penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority;
- (f) no other penalties or sanctions were imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision in the Company's securities; and
- (g) no settlement agreements of the Company were entered into with any court relating to securities legislation or with any securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Interest of Management and Others in Material Transactions

Except as otherwise disclosed herein, no director or executive officer of the Company and no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares of the Company, and no associate or affiliate of any of the person or companies referred to above, has any material interest, direct or indirect, in any transactions since the Company's incorporation on April 27, 2012, that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

On July 7, 2014, MGX entered into the Driftwood Creek purchase agreement with Peter Klewchuk, Glen Rodgers and Andris Kikauka. On December 15, 2015, MGX entered into the Wonah silica properties purchase agreement with Glen Rodgers and Andris Kikauka (see "*General Development of the Business – History – Driftwood Property*"). Andris Kikauka, a director of the Company, disclosed his interest in the Driftwood and Wonah purchase agreements to the Board and did not vote on the resolution approving either agreement.

Transfer Agent and Registrars

Computershare Investor Services Inc. (at its principal transfer offices in Vancouver, British Columbia) is the transfer agent and registrar for the Common Shares and September Warrants.

MATERIAL CONTRACTS

Material Contracts

Other than the following contracts available on SEDAR (www.sedar.com), there are no contracts that are material to the Company that have been entered into since the Company's incorporation which are still in effect (other than contracts entered into in the ordinary course of business of the Company):

- (h) Mineral property purchase agreement dated July 7, 2014, as amended, among Peter Klewchuk, Glen Rodgers, Andris Kikauka and the Company with respect to the acquisition of the Driftwood Property;
- (i) Mineral property purchase agreement dated December 15, 2015 between Glen Rodgers, Andris Kikauka and the Company with respect to the acquisition of the Wonah silica properties (see "*General Development of the Business – History – Silicon Property*");
- (j) Mineral property purchase agreement dated June 29, 2015, as amended, between Zimtu and the Company with respect to the acquisition of the Longworth Property;
- (k) Mineral property purchase agreement dated January 28, 2016, among Zimtu, DG Resource Management Ltd., and Ridge Resources Ltd. with respect to the acquisition of the certain Alberta lithium claims;
- (l) Alberta lithium properties option agreement dated April 7, 2016, as amended, between the Brookes Heyman Lithium Syndicate and the Company with respect to the acquisition of the Buck Lake Lithium Claims;

- (m) Invention patent assignment dated May 19, 2016, with respect to the assignment of a technology relating to processing of lithium salt brine for production of lithium carbonate;
- (n) Mineral property purchase agreement dated August 16, 2016, among Zimtu, Patrick Power and the Company with respect to the acquisition of the Sturgeon Lake Property;
- (o) Consulting agreement dated January 29, 2017, between Marc Bruner and the Company, with respect to Mr. Bruner's provision of consulting services for lithium exploration and development in the oil and gas industry in the U.S.; and
- (p) Mineral property acquisition agreement dated January 31, 2017 between Plateau Ventures LLC and the Company, with respect to the acquisition of Lithium brine claims in Lisbon Valley, Utah.

INTERESTS OF EXPERTS

Donald George MacIntyre, Ph.D., P.Eng. of D. G. MacIntyre & Associates Ltd. is the author responsible for the preparation of the Fran Property Technical Report and the Longworth Property Technical Report.

Allan Reeves, P.Geo. of Tuun Consulting Inc. is the author responsible for the preparation of the Driftwood Creek Resource Technical Report.

D. Roy Eccles, P.Geo. of Apex Geoscience Ltd. is the author responsible for the preparation of the Alberta Lithium Properties Technical Report.

D. Roy Eccles, P.Geo. of Apex Geoscience Ltd. and Michael B. Dufresne, M.Sc., P.Geo. are the authors responsible for the preparation of the Sturgeon Lake Property Technical Report.

Messrs. MacIntyre, Reeves, Eccles and Dufresne are now, or were at the time of the preparation of the above referenced technical reports, employees or principals of the firms listed next to their names. Such firms and persons held no securities of the Company or of any associate or affiliate of the Company when they prepared the reports referred to above, or following the preparation of such reports or estimates and did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports or estimates. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

Adam Sung Kim Ltd. is the external auditor of the Company, and such firm has prepared an auditor's report dated November 24, 2016, with respect to the Company's consolidated financial statements as at and for the financial year ended July 31, 2016, which were filed with the Canadian securities regulators on SEDAR (www.sedar.com). Adam Sung Kim Ltd. is independent within the meaning of the Code of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular dated December 28, 2016, in respect of the Company's annual general meeting of shareholders held on January 27, 2017.

Additional information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the financial year ended July 31, 2016 available on SEDAR at www.sedar.com.