MGX MINERALS INC.

Condensed Interim Consolidated Financial Statements

For the three months ended October 31, 2017 and 2016

(Unaudited - expressed in Canadian dollars)

MGX MINERALS INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Note	October 31, 2017	July 31, 2017
		$	$
Assets			
Current Assets			
Cash		430,658	2,897,448
Prepaid		902,673	553,368
GST receivables		246,892	117,228
		1,580,223	3,568,044
Non-Current Assets			
Deferred financing cost	**13**	47,617	307,677
Equipment	**6**	13,700	14,488
Investment in PurLucid	**7**	2,677,270	2,792,715
Mineral properties	**5**	5,526,377	4,850,186
Reclamation bond		30,000	30,000
		8,294,964	7,995,066
Total Assets		9,875,187	11,563,110
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	**8**	1,545,130	1,072,623
Due to related parties	**10**	132,132	124,763
		1,677,262	1,197,386
Shareholders' Equity			
Share capital	**9**	20,626,238	14,310,995
Subscriptions received		-	4,994,343
Reserve	**9**	10,221,843	8,822,638
Deficit		(22,650,156)	(17,762,252)
		8,197,925	10,365,724
Total Liabilities and Shareholders' Equity		9,875,187	11,563,110

Nature of operations (Note 1)
Subsequent events (Note 13)

Approved by the Board of Directors on January 2, 2018:

"Jared Lazerson"
Jared Lazerson, Director

"Andris Kikuaka"
Andris Kikuaka, Director

MGX Minerals Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended October 31, 2017 and 2016
(Unaudited - expressed in Canadian dollars)

	Notes	2017	2016
		$	$
Exploration expenses	**5,10**	904,950	253,908
Administrative Expenses			
Advertising and promotion		793,983	133,588
Consulting fees		255,621	180,396
Depreciation	**6**	788	286
Office and administrative		87,025	8,443
Interest and bank charges		2,032	831
Management fees	**9,10**	1,687,283	33,000
Professional fees		157,939	53,198
Share-based compensation	**9,10**	754,572	-
Transfer agent and filing fees		13,225	23,268
Travel and entertainment		75,401	4,554
		3,827,869	437,564
Loss before other (expenses) income		(4,732,819)	(691,472)
Other (expenses) income			
Write-off of mineral property	**5**	(470)	-
Loss on equity investment in PurLucid	**7**	(115,445)	-
Debt settlement (loss) gain	**8,9**	(18,687)	36,102
Foreign exchange loss		(20,483)	(758)
		(155,085)	35,344
Loss and comprehensive loss for the period		(4,887,904)	(656,128)
Loss per share, basic and diluted		(0.07)	(0.01)
Weighted average number of shares outstanding		74,574,583	47,080,062

MGX Minerals Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended October 31, 2017 and 2016
(Unaudited - expressed in Canadian dollars)

	Common Shares	Share Capital	Reserve*	Subscription received	Deficit	Total
	#	$	$	$	$	$
Balance, July 31, 2017	**68,617,018**	**14,310,995**	**8,822,638**	**4,994,343**	**(17,762,252)**	**10,365,724**
Shares issued pursuant to special warrants financing	6,879,224	5,628,458	-	(4,994,343)	-	634,115
Finders warrants	-	(448,250)	448,250	-	-	-
Issue costs	-	(945,506)	-	-	-	(945,506)
Shares issued pursuant to debt settlement	174,093	174,699	-	-	-	174,699
Shares issued in lieu of fees	7,093	7,164	-	-	-	7,164
Shares issued pursuant to acquisition of mineral property	300,000	288,000	-	-	-	288,000
Shares issued pursuant to floatation plant	100,000	105,000	-	-	-	105,000
Restricted Share Unit (“RSU”) exercise	1,400,000	1,457,400	(1,457,400)	-	-	-
Warrant exercise	303,889	48,278	-	-	-	48,278
RSU vesting	-	-	1,653,783	-	-	1,653,783
Share-based payments	-	-	754,572	-	-	754,572
Loss and comprehensive loss for the period	-	-	-	-	(4,887,904)	(4,887,904)
Balance, October 31, 2017	**77,781,317**	**20,626,238**	**10,221,843**	**-**	**(22,650,156)**	**8,197,925**
Balance, July 31, 2016	**41,753,017**	**3,938,882**	**813,712**	**-**	**(3,845,561)**	**907,033**
Shares issued pursuant to private placements	10,062,728	1,811,291	-	-	-	1,811,291
Issue costs	-	(196,410)	-	-	-	(196,410)
Finders units	-	(159,820)	159,820	-	-	-
Shares issued pursuant to acquisition of mineral properties	2,000,000	340,000	-	-	-	340,000
Shares issued for debt settlement	620,764	105,530	-	-	-	105,530
Shares issued in lieu of consulting fees	113,888	19,361	-	-	-	19,361
Shares issued pursuant to floatation plant	300,000	51,000	-	-	-	51,000
Warrant exercise	50,000	7,500	-	-	-	7,500
Loss and comprehensive loss for the period	-	-	-	-	(656,128)	(656,128)
Balance, October 31, 2016	**54,900,397**	**5,917,334**	**973,532**	**-**	**(4,501,689)**	**2,389,177**

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

MGX Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended October 31, 2017 and 2016
(Unaudited - expressed in Canadian dollars)

	2017	2016
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the period	(4,887,904)	(656,128)
Items not affecting cash:		
Depreciation	788	286
Loss (gain) on debt settlement	18,687	(36,102)
Shares issued in lieu of consulting fees	7,164	19,361
Share-based compensation	754,572	-
RSU vesting	1,653,783	-
Loss on investment in PurLucid	115,445	-
Write-down of mineral property	470	-
Changes in non-cash working capital items:		
Prepaid expense	(244,305)	(11,495)
GST receivable	(129,664)	34,864
Accounts payable and accrued liabilities	628,519	(123,757)
Due to related parties	7,369	(32,451)
Net cash used in operating activities	(2,075,076)	(805,422)
Investing activities		
Investment in PurLucid	-	(50,000)
Property acquisition costs	(388,661)	(40,000)
Net cash used in investing activities	(388,661)	(90,000)
Financing activities		
Proceeds from private placements	634,115	1,811,291
Issue costs	(685,446)	(179,722)
Proceeds from exercise of warrants	48,278	7,500
Net cash provided by financing activities	(3,053)	1,639,069
Change in cash for the period	(2,466,790)	743,647
Cash, beginning of period	2,897,448	31,206
Cash, end of period	430,658	774,853

Significant non-cash financing and investing activities	**$**	**$**
Shares issued for debt settlement	174,699	105,530
Shares issued for mineral property acquisition	288,000	380,000

Supplemental information	**$**	**$**
Interest paid	-	-
Taxes paid	-	-

1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS

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

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

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at October 31, 2017, the Company has not generated any revenues from operations and has an accumulated deficit of $22,650,156 (July 31, 2017 - $17,762,252). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended July 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2017.

3. ACCOUNTING STANDARDS

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

IFRS 9, Financial instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 will be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15') establishing a comprehensive framework for revenue recognition. The standard replaces IAS 18, *Revenue* and IAS 11, *Construction Contracts* and related interpretations and is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the following:

Valuation of share-based payments
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

(Unaudited - expressed in Canadian dollars)

5. MINERAL PROPERTIES

The following table summarizes the Company's mineral property assets as at October 31, 2017 and July 31, 2017 and the changes for the periods then ended, and exploration expenditures for the three months ended October 31, 2017.

	Driftwood	Fran	Lithium Projects	Silica Projects	Prospects, & Others	Total
	$	$	$	$	$	$
Deferred costs						
Balance July 31, 2016	**230,231**	**414,429**	**233,333**	**364,000**	**12,469**	**1,254,462**
Paid in cash	-	-	2,006,226	-	-	2,006,226
Paid by issue of shares	-	-	1,530,998	-	58,500	1,589,498
Balance July 31, 2017	**230,231**	**414,429**	**3,770,557**	**364,000**	**70,969**	**4,850,186**
Paid in cash	-	-	388,661	-	-	388,661
Paid by issue of shares	-	-	288,000	-	-	288,000
Write-off of mineral property	-	-	-	-	(470)	(470)
Balance October 31, 2017	**230,231**	**414,429**	**4,447,218**	**364,000**	**70,499**	**5,526,377**
Exploration expenditures						
Assays	-	250	19,519	-	-	19,769
Consulting	46,208	856	33,852	8,409	4,882	94,207
Drilling	233,070	14,060	55,757	23,260	-	326,147
Engineering	36,744	-	2,626	-	-	39,370
Field work	287,506	493	1,713	2,115	-	291,827
Freight	125	-	-	18,212	-	18,337
Geological	6,375	7,575	15,085	15,875	-	44,910
Lab work	-	130	3,409	2,834	-	6,373
Licenses and fees	75	24	-	-	5,627	5,726
Miscellaneous	151	395	-	-	-	546
Travel & accommodation	52,995	648	2,320	1,775	-	57,738
Total at October 31, 2017	**663,249**	**24,431**	**134,281**	**72,480**	**10,509**	**904,950**

(Unaudited - expressed in Canadian dollars)

Fran Claims & Adjacent Claims

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

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

	Cumulative Exploration Expenditures $	Common Shares #	Cash Payments $
Upon closing of the plan of arrangement	-	24,823,310 (issued)	-
On or before March 31, 2014	-	54,000 (issued)	-
On or before September 30, 2014	25,000 (incurred)	-	-
On or before September 30, 2017	50,000(incurred)	-	15,000[1]
On or before September 30, 2018	75,000	-	10,000
On or before September 30, 2019	100,000	-	10,000
On or before September 30, 2020	-	-	5,000

[1] Paid subsequent to October 31, 2017

Driftwood Claims

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

On October 28, 2017 the Company entered into an agreement to rent the floatation plant to April 30, 2018. As per the agreement the Company issued 100,000 common shares (fair valued at $105,000) and will make a cash payment of $15,000.

Longworth Silica Property

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

Koot Silica Property

On March 2, 2015, the Company entered into an Acquisition Agreement with American Manganese Inc. (“AMY”) to acquire 100% interest in 166 contiguous hectares located in the Golden mining district of southeastern British Columbia (the “Koot Claims”). Pursuant to the terms of the Acquisition Agreement, the Company issued 100,000 shares to AMY at the fair value of $14,000 and granted a 0.5% Net Smelter Royalty (“NSR”) on any future production to AMY, during the year ended July 31, 2015. The Koot Claims are also subject to a 0.5% NSR attributable to Andris Kikauka, a director of the Company.

Wonah Mineral Claims

The Company has entered into an option agreement on December 15, 2015 to acquire up to a 100% interest in the Wonah mineral claims (the "Wonah"). Pursuant to the agreement and in order to complete the acquisition, the Company is required to pay the following:

An aggregate of 150,000 common shares under the following schedule:

- 50,000 common shares within 10 days of the effective date of this Agreement (Issued at a fair value of $11,000 in Jan 2016);
- 50,000 common shares by January 1, 2017 (issued and fair valued at $58,500); and
- 50,000 common shares by January 1, 2018.

Alberta Lithium

On January 28, 2016, the Company entered into an agreement (the "Alberta Lithium") to acquire a 100% undivided interest in 12 metallic and industrial mineral permits and permit applications in Alberta. As per the Alberta Lithium, the Company must complete the following:

- Make cash payments of $20,000 on execution of the Alberta Lithium (paid)
- Issue 500,000 common shares of the Company within 10 days of execution of the Lithium Agreement (issued and fair valued at $60,000 in March, 2016);
- Issue 500,000 common shares of the Company by January 28, 2017 (issued and fair valued at $280,000) and;
- Issue 500,000 common shares of the Company by January 28, 2018.

The Company has the right to accelerate the issuance of shares at any time after execution of the Alberta Lithium prior to January 28, 2018 by providing a written notification to optioners.

Buck Lake Lithium

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

- Make cash payments of $20,000 on execution of the Buck Lake (paid)
- Cash payments of $20,000 each due on April 7, 2017(paid) and April 7, 2018;
- Issue 333,332 common shares of the Company on the execution of the Buck Lake (issued and fair valued at $133,333 on May 4, 2016);
- Issue 333,333 common shares of the Company by April 7, 2017 (issued and fair valued at $389,998 on April 7, 2017);
- Issue 333,334 common shares of the Company by April 7, 2018.

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

Sturgeon Lake

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

Lisbon Valley

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

The Company made additional cash payments of $324,632 related to additional claims and land management fees. On August 2, 2017 the Company issued an additional 100,000 common shares, fair valued at $96,000, to acquire additional Lisbon Valley Claims. The total acquisition cost at October 31, 2017 is $1,662,379 (July 31, 2017 - $1,241,747)

Paradox Basin

On February 22, 2017 the Company announced it had entered into an earn-In agreement with Scientific Metals to acquire a 50% interest in the Paradox Basin Lithium Brine Property ("Paradox Basin"). As per the agreement the Company can acquire a 50% interest by making cash payments of $50,000 (paid), issuing 150,000 common shares of the Company, issued March 17, 2017 and fair valued at $225,000, and incurring minimum exploration of no less than $250,000 over a 12-month period from the date of execution.

Blueberry Unit

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

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

The Company has also granted a Carry Period ("Carry Period") in which the Company will be responsible for 100% of expenses incurred. The Carry Period will be satisfied once the Company has made all required payments or drilled at least one well on the leases. As at October 31, 2017 the Company has recorded an additional $64,029 of acquisition costs related to the land management expenses incurred during the Carry Period. Total acquisition costs as at October 31, 2017 are $1,014,508.

Power Metals

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

- The Company can acquire all of Power Metal's US Petrolithium Brine assets and a 20% working interest in Power Metal's current hard rock assets and any future assets acquired by Power Metals for the following 36 months

(Unaudited - expressed in Canadian dollars)

- MGX can acquire an additional 15% working interest in Power Metals hard rock assets for a period of 36 months for a total of $10,000,000.
- MGX will receive a call option to purchase up to 10,000,000 common shares of Power Metals at a price of $0.65 per share for a period of 36 months. The options will be granted to MGX if the Company completes the required share issuances.
- MGX will issue Power Metals 3,000,000 common shares that will be restricted and subject to a release schedule of 1,000,000 shares every 5 months from the signing of a definitive agreement. The first 1,000,000 shares were issued subsequent to October 31, 2017.

Prospects and others

The Company currently holds the rights to several prospects, the acquisition costs associated to the prospects have been capitalized. The Company incurred $10,509 of exploration costs related to the prospects during the period ended October 31, 2017. The Company wrote-off $470 in prospect acquisition costs related to prospect the Company will no longer pursue.

REN Mineral Claims

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

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

6. EQUIPMENT

	Furnace $	Equipment $	Software $	Total $
Cost:				
Balance, July 31, 2017 and October 31, 2017	**11,426**	**3,652**	**2,558**	**17,636**
Accumulated Depreciation:				
Balance, July 31, 2017	2,737	251	160	3,148
Depreciation	286	183	319	788
Balance, October 31, 2017	**3,023**	**434**	**479**	**3,936**
Net Book Value:				
July 31, 2017	**8,689**	**3,401**	**2,398**	**14,488**
October 31, 2017	**8,403**	**3,218**	**2,079**	**13,700**

7. INVESTMENT IN PURLUCID

On November 14, 2016 the Company entered into a definitive agreement (the "Agreement") to acquire up to 100% of PurLucid. PurLucid is a water and wastewater treatment service company that would work with MGX to further develop the Company's lithium assets. PurLucid would use its technology to convert waste water to concentrated lithium brine that the Company would process through its rapid lithium brine production process.

(Unaudited - expressed in Canadian dollars)

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

- Phase 1 - $50,000 initial payment (paid)
- Phase 2 - $40,000 integration payment to be applied to Phase 3 expenses (paid)

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

- Phase 3 - cash payments of $950,000 resulting in the Company acquiring 26.62% of the outstanding shares of PurLucid. The completion date of Phase 3 was May 17, 2017, with the total investment in PurLucid at that time being $1,000,000. The Company also exercised an option to acquire an additional 7.5% of the outstanding shares of PurLucid in exchange for 1,500,000 common shares of MGX. The common shares were issued on May 30, 2017 and fair valued at $1,605,000.
- Phase 4 – cash payments of between $500,000 and $1,467,500 by the completion date of December 31, 2017. Upon completion of Phase 4 the Company will increase its total interest in PurLucid to 47.5%. The Company will also have the option to acquire an additional 5% in exchange for 1,000,000 common shares of MGX.
- Phase 5 – cash payments between $1,000,000 and $2,612,500 by the completion date July 31, 2018. Upon completion of Phase 5 the Company will increase its total interest in PurLucid to 57.5%. The Company will also have the option to acquire an additional 5% in exchange for 1,000,000 common shares of MGX.

Upon completion of Phase 5 the Company will have a 10-year option period to acquire the remaining 50% of the outstanding shares of PurLucid based on a shareholders agreement to be completed at the end of Phase 3. The purchase price for the remaining shares during the first three years of the option period shall be determined by applying the aggregate valuation for the Phase 3, 4 and 5 shares. The purchase price for the remainder of the option period shall be determined by an independent valuation of the remaining shares.

The Company accounts for its investment in PurLucid using the equity method of accounting as the Company owned 34.12% interest in PurLucid as at October 31, 2017. During the three months ended October 31, 2017 the Company recorded a loss of $115,446 related to its equity investment in PurLucid. Changes in the carrying value of the Company's investment in PurLucid are as follows:

	% of ownership	**Amount $**
Balance, July 31, 2016	**-**	**-**
Acquisition	34.12%	2,855,000
Loss from investment in associate	-	(62,285)
Balance, July 31, 2017	**34.12%**	**2,792,715**
Loss from investment in associate	-	(115,445)
Balance, October 31, 2017	**34.12%**	**2,677,270**

(Unaudited - expressed in Canadian dollars)

The following table summarises PurLucid's revenue, expenses and net loss:

	For three months ended October 31, 2017 $
Revenue	4,253
Expense	(342,604)
Net loss	**(338,351)**

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at October 31, 2017 the Company has accounts payable and accrued liabilities of $1,545,130 (July 31, 2017 - $1,072,623) consisting solely of trade payables. During the three months ended October 31, 2017 the Company settled debts of $156,012 through the issuance of 174,093 common shares resulting in a loss on debt settlement of $18,687 (Note 9).

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Financings

Financings during the period ended October 31, 2017 are as follows:

- On August 2, 2017, the Company issued 60,012 common shares to settle debts of $54,012. The shares were fair valued at $57,611 and the Company recorded a loss on debt settlement of $3,599.
- On August 2, 2017 the Company issued 300,000 common shares, fair valued at $288,000, related to mineral property acquisitions (note 5).
- On August 22, 2017, the Company issued 67,415 common shares to settle debts of $60,000. The shares were fair valued at $68,089 and the Company recorded a loss on debt settlement of $8,089.
- On August 22, 2017, the Company issued 7,093 common shares in lieu of consulting fees; the shares were fair valued at $7,164.
- On August 30, 2017 the Company closed a special warrant offering through the distribution of 6,253,842 special warrants of the Company, at a price of $0.90 per special warrant, for gross proceeds of $5,628,458. The Company was required to file a short form prospectus by June 26, 2017, as the Company did not meet this requirement each holder of a special warrant was entitled to receive 1.1 units. As a result, a total of 6,879,224 special warrants were issued. Each special warrant is exercisable at no additional cost into one unit ("Unit"), with each Unit consisting of one common share of the Company and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share of the Company at $1.15 per warrant until May 12, 2019. In connection with the special warrant offering the Company paid finder's fees $945,506 and issued 531,576 compensation warrants ("compensation warrant). Each compensation warrant is exercisable at $0.90 into one Unit until May 12, 2019. The compensation warrants were valued at $448,250 using the Black-Scholes option pricing model based on the following

(Unaudited - expressed in Canadian dollars)

assumptions: risk free rate - 0.79%; expected dividend - nil; expected life – 2 years; expected volatility – 135%.

- On October 27, 2017, the Company issued 46,666 common shares to settle debts of $42,000. The shares were fair valued at $48,999 and the Company recorded a loss on debt settlement of $6,999.
- On October 27, 2017 the Company issued 100,000 common shares, fair valued at $105,000, for a floatation plant rental (note 5).

c) Share purchase options

The balance of share purchase options outstanding and exercisable as at October 31, 2017 and July 31, 2017 and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, July 31, 2016	**3,975,000**	**0.31**	**1.71**
Granted	4,835,000	1.03	
Exercised	(1,525,000)	0.22	
Expired	(200,000)	0.58	
Balance, July 31, 2017	**7,085,000**	**0.81**	**1.59**
Granted	500,000	0.95	
Balance, October 31, 2017	**7,585,000**	**0.82**	**1.43**
Unvested	(1,025,000)	**1.07**	**2.60**
Exercisable, October 31, 2017	**6,560,000**	**0.78**	**1.25**

The Company recorded share based compensation expense of $754,572 during the three months ended October 31, 2017 (2016 - $nil) as the Company granted 500,000 stock options, vesting immediately, to a consultant of the Company and through the vesting of previously granted options. The Company fair valued the options granted during the period using the Black-Scholes option pricing model based on the following assumptions: risk free rate - 1.37%; expected dividend - nil; expected life – 3 years; expected volatility – 125%.

(Unaudited - expressed in Canadian dollars)

As at October 31, 2017, the following share purchase options were outstanding and exercisable:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding	Unvested	Vested
May 5, 2018	0.40	0.51	975,000	-	975,000
June 18, 2018	0.10	0.63	275,000	-	275,000
June 29, 2018	0.35	0.66	1,000,000	-	1,000,000
January 24, 2019	1.00	1.23	2,835,000	-	2,835,000
March 21, 2019	1.42	1.39	100,000	-	100,000
June 12, 2019	1.06	1.61	200,000	-	200,000
June 30, 2019	0.90	1.66	200,000	-	200,000
March 3, 2020	1.25	2.34	200,000	50,000	150,000
June 12, 2020	1.06	2.62	1,300,000	975,000	325,000
August 1, 2020	0.95	2.75	500,000	-	500,000
			7,585,000	**1,025,000**	**6,560,000**

d) Warrants

The balance of warrants outstanding and exercisable as at October 31, 2017 and July 31, 2017 and the changes for the periods then ended are as follows:

	Number of Warrants	Weighted average exercise price $
Balance, July 31, 2016	**6,692,662**	**0.19**
Expired	(472,364)	0.65
Exercised	(4,858,210)	0.18
Issued	8,981,162	0.39
Balance, July 31, 2017	**10,343,250**	**0.35**
Issued	7,410,802	1.13
Exercised	(303,889)	0.16
Balance, October 31, 2017	**17,450,163**	**0.68**

(Unaudited - expressed in Canadian dollars)

The following table summarizes the warrants outstanding as at October 31, 2017:

Warrants	Exercise Price	Expiry Date
#	$	
4,850,000	0.15	May 4, 2018
3,373,971	0.20	September 21, 2018
6,879,226	1.15	May 12, 2019
531,576	0.90	May 12, 2019
1,680,917	1.15	June 12, 2019
134,473	1.55	June 12, 2019
17,450,163	**0.68**	

Subsequent to October 31, 2017, 21,779 warrants were exercised for gross proceeds of $4,356.

e) Restricted Stock Units ("RSU")

On January 29, 2017 the Company entered into an agreement to issue 9,500,000 RSU's as compensation for a service agreement. Each RSU allows the holder to acquire one common share without par value of the Company. The RSU vest over two years and match the length of the service agreement. The vesting dates are as follows:

# of RSU	Vesting Date
1,425,000	May 1, 2017
1,425,000	August 1, 2017
1,650,000	November 1, 2017
1,650,000	February 1, 2018
1,675,000	May 1, 2018
1,675,000	August 1, 2018
9,500,000	

The grant date fair value of the RSU is $9,889,500 and is based on the market price of the Company' common shares at the effective date of January 29, 2017. The amount will be recognized evenly over the vesting periods. For the three months ended October 31, 2017 the Company recorded $1,653,783 of expense related to the RSU. The Company has recorded the expense to management fees. During the three months ended October 31, 2017, 1,400,000 common shares of the Company were issued in respect to the RSU's.

As at October 31, 2017, 2,850,000 RSU have vested and 1,900,000 have been exercised.

Subsequent to October 31, 2017, an additional 300,000 RSU were exercised.

(Unaudited - expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three months ended October 31, 2017 and 2016:

	2017	**2016**
	$	**$**
Management fees	1,490,400	33,000
Geological fees	15,650	13,900
	1,506,050	46,900

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

As at October 31, 2017, the Company had $132,132 (July 31, 2017 - $124,763) owing to related parties, all of which is unsecured, non-interest bearing and due on demand. A total payable of $128,108 (July 31, 2017 - $120,739) was owed to directors and officers of the Company and companies owned by them. A payable of $960 (2017 - $960) was owed to a company with common directors and a payable of $3,064 (2017 - $3,064) was owed to a former parent company.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada and the USA. Geographic information related to the location of the Company's significant non-current assets as at October 31, 2017 and July 31, 2017 is as follows:

	October 31, 2017	**July 31, 2017**
	$	$
Mineral properties		
Canada	2,574,490	2,382,960
USA	2,951,887	2,467,226
Total	**5,526,377**	**4,850,186**

12. CAPITAL MANAGEMENT

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

The Company is not subject to externally imposed capital requirements as at October 31, 2017.

13. SUBSEQUENT EVENTS

- Subsequent to October 31, 2017 the Company closed a non-brokered financing issuing 5,526,908 flow-through units ("FT Units") at $1.05 per FT Unit for gross proceeds of $5,803,253 and 7,137,000 non-flow-through units ("NFT Unit") at $1.00 per NFT Unit for gross proceeds of $7,137,000. Each NFT Unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share for a period of 36 months from the date of closing at an exercise price of $1.15. Each FT Unit consists of one flow-through common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share, on a non-flow-through basis, for a period of 36 months at a price of $1.15. At October 31, 2017 the Company had recorded $47,617 of deferred financing costs related to the financing.

  The Company also paid finders fees of $772,740 and issued 439,556 finders shares as well as 439,556 finders warrants. The finder's warrants have the same terms as the warrants in the financing.

- Subsequent to October 31, 2017 the Company announced it had entered into a definitive agreement to acquire ZincNyx Energy Solutions ("ZincNyx"), whereby the Company will make a one-time cash payment of $250,000 and issued 1,293,333 restricted shares and with an additional 2,450,925 restricted stock units to be vested over 24 months as part of a compensation package to retain key employees. The ZincNyx will be come a wholly-owned subsidiary of the Company.

- Subsequent to October 31, 2017, the Company issued 9,867 common shares in lieu of consulting fees.

- Subsequent to October 31, 2017, the Company granted 400,000 stock options to consultants and directors of the Company. The options have an exercise price of $0.96 and a term of two years.