MGX MINERALS INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2018 and 2017

(Unaudited - expressed in Canadian dollars)

MGX MINERALS INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Note	January 31, 2018	July 31, 2017
		$	$
Assets			
Current Assets			
Cash		7,033,856	2,897,448
Prepaid		1,218,420	553,368
GST receivables		181,154	117,228
		8,443,430	3,568,044
Non-Current Assets			
Deferred financing cost		-	307,677
Equipment	**7**	12,592	14,488
Investment in PurLucid	**8**	4,483,196	2,792,715
ZincNyx IP	**5**	4,950,134	-
Mineral properties	**6**	7,611,270	4,850,186
Reclamation bond		30,000	30,000
		17,087,192	7,995,066
Total Assets		25,520,622	11,563,110
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	**9**	1,468,642	1,072,623
Flow-through premium liability	**10**	276,345	-
Due to related parties	**11**	105,788	124,763
		1,850,775	1,197,386
Shareholders’ Equity			
Share capital	**10**	40,901,817	14,310,995
Subscriptions received		-	4,994,343
Reserve	**10**	11,046,892	8,822,638
Deficit		(28,278,862)	(17,762,252)
		23,669,847	10,365,724
Total Liabilities and Shareholders’ Equity		25,520,622	11,563,110

Nature of operations (Note 1)
Subsequent events (Note 14)

Approved by the Board of Directors on April 3, 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 and six months ended January 31, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

	Notes	Three months ended January 31, 2018	Three months ended January 31, 2017	Six months ended January 31, 2018	Six months ended January 31, 2017
		$	$	$	$
Exploration expenses	**6,11**	1,221,570	219,276	2,127,520	473,184
Administrative Expenses					
Advertising and promotion		1,978,366	380,415	2,772,349	514,003
Consulting fees		625,817	90,206	881,438	270,602
Depreciation	**7**	1,108	354	1,896	640
Office and administrative		270,980	57,229	358,005	65,672
Interest and bank charges		2,721	1,212	4,753	2,043
Management fees	**10,11**	1,246,506	33,000	2,933,789	66,000
Professional fees		198,529	102,269	356,468	155,467
Share-based compensation	**10,11**	298,889	1,534,532	1,053,461	1,534,532
Transfer agent and filing fees		49,638	31,858	62,863	55,126
Travel and entertainment		57,204	29,993	132,605	34,547
		4,729,758	2,261,068	8,557,627	2,698,632
Loss before other (expenses) income		(5,951,328)	(2,480,344)	(10,685,147)	(3,171,816)
Other (expenses) income					
Write-off of mineral property	**6**	-	-	(470)	-
Gain on equity investment in PurLucid	**8**	338,426	-	222,981	-
Debt settlement (loss) gain	**9,10**	-	(12,016)	(18,687)	24,086
Foreign exchange loss		(14,804)	281	(35,287)	(477)
		323,622	(11,735)	168,537	23,609
Loss and comprehensive loss for the period		(5,627,706)	(2,492,079)	(10,516,610)	(3,148,207)
Loss per share, basic and diluted		(0.06)	(0.05)	(0.13)	(0.06)
Weighted average number of shares outstanding		86,826,103	53,939,645	80,700,343	52,009,854

MGX Minerals Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the six months ended January 31, 2018 and 2017
(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	19,982,688	17,767,027	801,685	(4,994,343)	-	13,574,369
Issue costs	-	(1,837,288)	-	-	-	(1,837,288)
Flow-through premium	-	(276,345)	-	-	-	(276,345)
Shares issued pursuant to debt settlement	174,093	174,699	-	-	-	174,699
Shares issued in lieu of fees	166,035	189,711	-	-	-	189,711
Shares issued pursuant to acquisition of mineral property	1,800,000	2,143,000	-	-	-	2,143,000
Shares issued pursuant to floatation plant	100,000	105,000	-	-	-	105,000
Shares issued pursuant to ZincNyx Acquisition	4,784,258	4,784,258	-	-	-	4,784,258
Restricted Share Unit (“RSU”) exercise	1,700,000	1,769,700	(1,769,700)	-	-	-
Warrant exercise	2,140,899	963,580	-	-	-	963,580
Option exercise	276,000	231,000	-	-	-	231,000
Transfer value on warrant and option exercises	-	576,480	(576,480)	-	-	-
RSU vesting	-	-	2,715,288	-	-	2,715,288
Share-based payments	-	-	1,053,461	-	-	1,053,461
Loss and comprehensive loss for the period	-	-	-	-	(10,516,610)	(10,516,610)
Balance, January 31, 2018	**99,740,991**	**40,901,817**	**11,046,892**	**-**	**(28,278,862)**	**23,669,847**
Balance, July 31, 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	-	(205,148)	-	-	-	(205,148)
Finders units	-	(159,820)	159,820	-	-	-
Shares issued pursuant to acquisition of mineral properties	2,500,000	620,000	-	-	-	620,000
Shares issued for debt settlement	872,921	196,450	-	-	-	196,450
Shares issued in lieu of consulting fees	154,583	25,872	-	-	-	25,872
Shares issued pursuant to floatation plant	300,000	51,000	-	-	-	51,000
Share-based payments	-	-	1,534,532	-	-	1,534,532
Warrant exercise	2,855,210	508,057	-	-	-	508,057
Option exercise	1,375,000	244,250	-	-	-	244,250
Transfer value on option and warrant exercise	-	311,124	(311,124)	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	(3,148,207)	(3,148,207)
Balance, January 31, 2017	**59,873,459**	**7,341,958**	**2,196,940**	**-**	**(6,993,768)**	**2,545,130**

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

MGX Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the six months ended January 31, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

	2018	2017
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the period	(10,516,610)	(3,148,207)
Items not affecting cash:		
Depreciation	1,896	640
Loss (gain) on debt settlement	18,687	(24,086)
Shares issued in lieu of consulting fees	189,711	25,872
Share-based compensation	1,053,461	1,534,532
RSU vesting	2,715,289	-
Gain on investment in PurLucid	(222,981)	-
Write-down of mineral property	470	-
Changes in non-cash working capital items:		
Prepaid expense	(537,673)	(7,233)
GST receivable	(63,926)	(4,790)
Accounts payable and accrued liabilities	552,032	90,288
Due to related parties	(18,975)	(60,167)
Net cash used in operating activities	(6,828,619)	(1,593,151)
Investing activities		
Investment in PurLucid	(1,467,500)	(90,000)
Acquisition of ZincNyx	(188,255)	-
Purchase of equipment	-	(3,652)
Property acquisition costs	(618,554)	(40,000)
Net cash used in investing activities	(2,274,309)	(133,652)
Financing activities		
Proceeds from private placements	13,574,369	1,811,291
Issue costs	(1,529,611)	(188,460)
Proceeds from exercise of options	231,000	244,250
Proceeds from exercise of warrants	963,578	508,057
Net cash provided by financing activities	13,239,336	2,375,138
Change in cash for the period	4,136,408	648,335
Cash, beginning of period	2,897,448	31,206
Cash, end of period	7,033,856	679,541

Significant non-cash financing and investing activities	**$**	**$**
Shares issued for debt settlement	174,699	196,450
Shares issued for mineral property acquisition	288,000	620,000
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 January 31, 2018, the Company has not generated any revenues from operations and has an accumulated deficit of $28,278,862 (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. ACQUISITION OF ZINCNYX SOLUTIONS

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire ZincNyx Energy Solutions ("ZincNyx"). Pursuant to the definitive agreement the Company made a one-time cash payment of $250,000 and issued 4,784,258 common shares fair valued at $4,784,258. ZincNyx is a development stage company specializing in the development of zinc air batteries and modular energy storage systems.

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

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

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

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

6. MINERAL PROPERTIES

As at January 31, 2018 the Company had capitalized $7,611,270 (July 31, 2017 - $4,850,186) of mineral property acquisition costs. During the six months ended January 31, 2018 the Company incurred exploration expenditures of $2,127,520 (2017 - $473,184). The Company's mineral property assets as at January 31, 2018 and July 31, 2017 and the changes for the periods then ended, and exploration expenditures for the six months ended January 31, 2018 is provided in Schedule 1.

(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
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

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 (issued and fair valued at $895,000.)

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 $467,098 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 January 31, 2018 is $1,804,845 (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 January 31, 2018 the Company has recorded an additional $70,725 of acquisition costs related to the land management expenses incurred during the Carry Period. Total acquisition costs as at January 31, 2018 are $1,021,204.

Power Metals

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

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

(Unaudited - expressed in Canadian dollars)

- 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 during the six months ended January 31, 2018 and fair valued at $960,000.

The Company also made cash payments of $80,731 related to other hard rock asset acquisition costs during the six months ended January 31, 2018.

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.

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 $13,268 of exploration costs related to the prospects during the period ended January 31, 2018. The Company wrote-off $470 in prospect acquisition costs related to prospect the Company will no longer pursue.

7. EQUIPMENT

	Furnace $	Equipment $	Software $	Total $
Cost:				
Balance, July 31, 2017 and January 31, 2018	**11,426**	**3,652**	**2,558**	**17,636**
Accumulated Depreciation:				
Balance, July 31, 2017	2,737	251	160	3,148
Depreciation	571	365	1,279	1,896
Balance, January 31, 2018	**3,308**	**616**	**1,439**	**5,044**
Net Book Value:				
July 31, 2017	**8,689**	**3,401**	**2,398**	**14,488**
January 31, 2018	**8,118**	**3,036**	**1,119**	**12,592**

8. 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.(Cash paid of $1,467,500)
- 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 47.5% interest in PurLucid as at January 31, 2018. During the three and six months ended January 31, 2018 the Company recorded a gain of $338,426 and $222,981 respectively, 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**
Acquisition	**12%**	1,467,500
Gain from investment in associate	-	222,981
Balance, January 31, 2018	**46.12%**	**4,483,196**

(Unaudited - expressed in Canadian dollars)

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

	Three months ended		Six months ended	
	January 31, 2018	**January 31, 2017**	**January 31, 2018**	**January 31, 2017**
	$	**$**	**$**	**$**
Revenue	2,833,939	-	2,838,192	-
Expense	(922,174)	-	(1,264,778)	(342,604)
Net loss	**1,911,765**		**1,573,414**	**(338,351)**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at January 31, 2018 the Company has accounts payable and accrued liabilities of $1,468,642 (July 31, 2017 - $1,072,623) consisting solely of trade payables. During the six months ended January 31, 2018 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 10).

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Financings

Financings during the period ended January 31, 2018 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 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).
- On November 16, 2017, the Company issued 9,867 common shares in lieu of consulting fees; the shares were fair valued at $9,472.
- On November 16, 2017 the Company issued 1,000,000 common shares, fair valued at $960,000, related to mineral property acquisitions (note 5).
- On December 29, 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. The Company allocated a value of $48,694 to the warrants using the residual method.

  The Company also paid finders fees of $891,782 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. The finder's warrants were fair valued at $304,740 using the Black-Scholes option pricing model using the following assumptions: risk free rate - 1.54%; expected dividend - nil; expected life – 3 years; expected volatility – 120%.

- On January 12, 2018, the Company issued 100,000 common shares in lieu of consulting fees; the shares were fair valued at $124,000.
- On January 15, 2018, the Company issued 49,075 common shares in lieu of consulting fees; the shares were fair valued at $49,075.
- On January 25, 2018 the Company issued 500,000 common shares, fair valued at $895,000, related to mineral property acquisitions (note 5).

Financings during the six months ended January 31, 2017 are as follows:

- On September 19, 2016, the Company closed its rights offering issuing 10,062,728 units at $0.18 per unit for gross proceeds of $1,811,291. Each unit consists of one common share and one-half of one purchase warrant, with each warrant exercisable into one common share at a price of $0.20 per share for a period of 24 months. The Company paid $196,410 of cash issue costs related to the financing.
- The Company also issued 1,422,939 finders unit warrants at an exercise price of $0.18 per unit for a period of 24 months following the closing date. Each finders unit consisted of one common share of the Company and half a share purchase warrant exercisable at $0.20. The finders units were fair valued at $159,820 using the Black-Scholes model based on the following assumptions: risk free rate - 0.51%; expected dividend - nil; expected life – 2 years; expected volatility – 125%.
- On October 7, 2016, the Company issued 2,000,000 common shares fair valued at $340,000 related to a mineral property acquisition (note 5).
- On October 7, 2016, the Company issued 300,000 in consideration for a float plant rental for the Driftwood creek property (note 5).
- On October 7, 2016, the Company issued 620,764 common shares to settle debts of

(Unaudited - expressed in Canadian dollars)

$119,738. The shares were fair valued at $105,530 and the Company recorded a gain on debt settlement of $14,208.

- On October 7, 2016, the Company issued 113,888 common shares in lieu of consulting fees; the shares were fair valued at $19,361.
- On November 8, 2016, the Company issued 40,695 common shares in lieu of consulting fees; the shares were fair valued at $6,511.
- On November 8, 2016 the Company issued 111,111 common shares to settle debt of $20,000. The shares were fair valued at $17,778 and the Company recorded a gain on debt settlement of $2,222.
- On January 26, 2017 the Company issued 141,046 common shares to settle debt of $58,904. The shares were fair valued at $73,142 and the Company recorded a loss on debt settlement of $14,238.

c) Share purchase options

The balance of share purchase options outstanding and exercisable as at January 31, 2018 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	900,000	0.95	
Exercised	(276,000)	0.83	
Balance, January 31, 2018	**7,709,000**	**0.83**	**1.22**
Unvested	(650,000)	**1.06**	**2.36**
Exercisable, January 31, 2018	**7,059,000**	**0.81**	**1.12**

The Company recorded share-based compensation expense of $1,053,461 during the six months ended January 31, 2018 (2017 - $1,534,532) as the Company granted 900,000 stock options, vesting immediately, to consultants 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 January 31, 2018, 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	0.26	950,000	-	950,000
June 18, 2018	0.10	0.38	275,000	-	275,000
June 29, 2018	0.35	0.41	950,000	-	950,000
January 24, 2019	1.00	0.98	2,634,000	-	2,634,000
March 21, 2019	1.42	1.13	100,000	-	100,000
June 12, 2019	1.06	1.36	200,000	-	200,000
June 30, 2019	0.90	1.41	200,000	-	200,000
November 2, 2019	0.96	1.75	400,000	-	400,000
March 3, 2020	1.25	2.09	200,000	-	200,000
June 12, 2020	1.06	2.36	1,300,000	650,000	650,000
August 1, 2020	0.95	2.50	500,000	-	500,000
			7,709,000	**650,000**	**7,059,000**

d) Warrants

The balance of warrants outstanding and exercisable as at January 31, 2018 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	18,388,704	1.11
Exercised	(2,140,899)	0.45
Balance, January 31, 2018	**26,591,055**	**0.89**

(Unaudited - expressed in Canadian dollars)

The following table summarizes the warrants outstanding as at January 31, 2018:

Warrants	Exercise Price	Expiry Date
#	$	
3,950,000	0.15	May 4, 2018
3,214,942	0.20	September 21, 2018
6,819,226	1.15	May 12, 2019
584,734	1.15	May 12, 2019
1,547,670	1.15	June 12, 2019
134,473	1.55	June 12, 2019
4,850,103	1.15	December 8, 2020
4,079,000	1.15	December 20, 2020
1,410,907	1.15	December 27, 2020
26,591,055	**0.89**	

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 six months ended January 31, 2018 the Company recorded $2,707,226 of expense related to the RSU. The Company has recorded the expense to management fees. During the six months ended January 31, 2018, 1,700,000 common shares of the Company were issued in respect to the RSU's.

As at January 31, 2018, 4,500,000 RSU have vested and 2,200,000 have been exercised.

e) Flow-through obligation

Flow-through share arrangements entitle the holder of the flow-through share to a 100% tax deduction in respect of qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE"). During the calendar year ending December 31, 2017 the Company has received $8,888,742 of flow-through share proceeds and renounced the full amounts at December 31, 2017. The Company will be required to incur $8,888,742 of Qualifying CEE by December 31, 2018 with respect to the flow-through shares previously issued.

(Unaudited - expressed in Canadian dollars)

The Company has recorded a flow-through premium liability of $276,345 related to the issuance of flow-through shares. This balance does not represent a cash liability to the Company but rather this balance will be amortized to the statement of comprehensive income or loss pro-rata with the amount of qualifying CEE that are incurred by the Company.

11. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the three and six months ended January 31, 2018 and 2017:

	Three months ended January 31,		Six months ended January 31,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Management fees	1,246,506	33,000	2,737,406	66,000
Geological fees	2,000	-	17,650	13,900
Share-based payments	-	1,041,966		1,041,966
	1,248,506	1,074,966	2,755,056	1,121,866

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

As at January 31, 2018, the Company had $105,788 (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 $101,764 (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.

12. 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 January 31, 2018 and July 31, 2017 is as follows:

	January 31, 2018	**July 31, 2017**
	$	$
Mineral properties		
Canada	4,510,221	2,382,960
USA	3,101,049	2,467,226
Total	**7,611,270**	**4,850,186**

13. 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 January 31, 2018.

14. SUBSEQUENT EVENTS

- Subsequent to January 31, 2018, 2,446,100 warrants were exercised for gross proceeds of $423,520.
- Subsequent to January 31, 2018 the Company issued 50,000 common shares for the Wonah property.

MGX Minerals Inc. **Schedule 1**

Schedule of Mineral Properties

For the six months ended January 31, 2018 and 2017

(Unaudited - expressed in Canadian dollars)

The following table summarizes the Company's mineral property assets as at January 31, 2018 and July 31, 2017 and the changes for the periods then ended, and exploration expenditures for the six months ended January 31, 2018.

	Driftwood	Fran	Canada Lithium	US Petrolithium	Case Lake	Silica Projects	Prospects and Others	Total
	$	$	$	$	$	$	$	$
Deferred costs								
Balance July 31, 2017	**230,231**	**414,429**	**1,303,331**	**2,467,226**	**-**	**364,000**	**70,969**	**4,850,186**
Paid in cash	-	-	-	537,823	80,731	-	-	618,554
Paid by issue of shares	-	-	1,087,000	96,000	960,000	-	-	2,143,000
Write-off of mineral property	-	-	-	-	-	-	(470)	(470)
Balance January 31, 2018	**230,231**	**414,429**	**2,390,331**	**3,101,049**	**1,040,731**	**364,000**	**70,499**	**7,611,270**
Exploration expenditures								
Assays	-	250	19,545	-	-	-	-	19,795
Consulting	46,208	856	13,073	26,599	-	11,848	7,118	105,702
Drilling	233,070	14,060	-	-	204,106	23,260	-	474,496
Engineering	53,228	-	444,626	-	-	-	-	497,854
Field work	354,117	493	-	-	-	2,115	-	356,725
Freight	570	-	298	-	-	18,431	-	19,299
Geological	104,925	9,775	17,568	382,877	10,286	23,400	525	549,356
Lab work	5,600	130	3,736	-	-	2,834	-	12,300
Licenses and fees	5,369	24	-	-	-	-	5,625	11,018
Miscellaneous	306	395	363	-	5,575	-	-	6,639
Travel & accommodation	60,233	648	9,150	1,618	-	2,687	-	74,336
Total at January 31, 2018	**863,626**	**26,631**	**508,359**	**411,094**	**219,967**	**84,575**	**13,268**	**2,127,520**