

# **MGX MINERALS INC.**

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

# **MGX MINERALS INC.**

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

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

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

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

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

	Note	January 31, 2019	July 31, 2018
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash		3,290,057	6,613,350
Prepaid		1,046,841	1,067,081
GST receivables		309,828	565,817
Marketable securities	6	784,273	624,440
		5,430,999	8,870,688
<b>Non-Current Assets</b>			
Equipment	8	3,289,205	3,112,458
Intangible assets	9	10,709,117	10,709,117
Intellectual property	10	4,950,134	4,950,134
Mineral properties	7	11,909,450	10,276,950
Reclamation bond		147,125	136,125
		31,005,031	29,184,784
<b>Total Assets</b>		<b>36,436,030</b>	<b>38,055,472</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		3,523,716	2,150,299
Flow-through premium liability		676,118	272,160
Short-term loan payable	11	719,266	703,348
Due to related parties	14	260,074	68,354
		5,179,174	3,194,161
Deferred income tax liability		71,626	71,626
Long-term loan payable	12	43,818	53,044
<b>Total liabilities</b>		<b>5,294,618</b>	<b>3,318,831</b>
<b>Shareholders' Equity</b>			
Share capital	13	64,668,130	57,660,920
Reserve		17,473,520	15,320,242
Deficit		(55,031,100)	(43,140,525)
Equity attributable to shareholders		27,110,550	29,840,637
Non-controlling interest	16	4,030,862	4,896,004
<b>Total equity</b>		<b>31,141,412</b>	<b>34,736,641</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>36,436,030</b>	<b>38,055,472</b>
Nature of operations and going concern (Note 1)			
Subsequent events (Note 18)			

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

*"Jared Lazerson"*

Jared Lazerson, Director

*"Andris Kikuaka"*

Andris Kikuaka, Director

**MGX Minerals Inc.**

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

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

## MGX Minerals Inc.

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

	Common Shares	Share Capital	Reserve*	Subscription received	Deficit	NCI	Total
	#	\$	\$	\$	\$	\$	\$
<b>Balance, July 31, 2017</b>	<b>68,617,018</b>	<b>14,310,995</b>	<b>8,822,638</b>	<b>4,994,343</b>	<b>(17,762,252)</b>	<b>-</b>	<b>10,365,724</b>
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)
<b>Balance, January 31, 2018</b>	<b>99,740,991</b>	<b>40,901,817</b>	<b>11,046,892</b>	<b>-</b>	<b>(28,278,862)</b>	<b>-</b>	<b>23,669,847</b>
<b>Balance, July 31, 2018</b>	<b>124,072,951</b>	<b>57,660,920</b>	<b>15,320,242</b>	<b>-</b>	<b>(43,140,525)</b>	<b>4,896,004</b>	<b>34,736,641</b>
Shares issued pursuant to:							
Private placement	10,670,818	5,789,975	1,016,473	-	-	-	6,806,448
Finders shares	419,833	-	-	-	-	-	-
Issue costs	-	(560,765)	-	-	-	-	(560,765)
Flow-through premium	-	(403,958)	-	-	-	-	(403,958)
Mineral property acquisition	1,344,624	899,113	-	-	-	-	899,113
Consulting fees	400,052	235,039	-	-	-	-	235,039
Floatation plant rental	100,000	72,000	-	-	-	-	72,000
Warrant exercises	861,717	172,343	-	-	-	-	172,343
PurLucid acquisition	1,199,198	803,463	-	-	(251,630)	(551,833)	-
Share-based payments	-	-	1,136,805	-	-	-	1,136,805
Loss for the period	-	-	-	-	(11,638,945)	(313,309)	(11,952,254)
<b>Balance, January 31, 2019</b>	<b>139,069,193</b>	<b>64,668,130</b>	<b>17,473,520</b>	<b>-</b>	<b>(55,031,100)</b>	<b>4,030,862</b>	<b>31,141,412</b>

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

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**MGX Minerals Inc.**

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

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

The accompanying notes are an integral part of these condensed interim consolidated financial statements

## **MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### **1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS**

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

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

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

### **2. BASIS OF PRESENTATION**

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

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### 3. ACCOUNTING STANDARDS

#### IFRS 16 Leases

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

#### IFRS 9, Financial Instruments

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

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

#### Recognition and Classification

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

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

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

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

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

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



## **MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

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

### **Measurement**

#### **Financial assets at FVTOCI**

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

#### **Financial assets and liabilities at amortized cost**

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

#### **Financial assets and liabilities at FVTPL**

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

#### **Impairment of financial assets at amortized cost**

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

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

### **Derecognition**

#### **Financial assets**

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

#### **Financial liabilities**

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 5. PREPAID

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

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

### 6. MARKETABLE SECURITIES

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

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

### 7. MINERAL PROPERTIES

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

#### Fran Claims & Adjacent Claims

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

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

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

### Driftwood Claims

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

### Longworth Silica Property

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

### Koot Silica Property

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

### Wonah Mineral Claims

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

### Alberta Lithium

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

## **MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### **Buck Lake Lithium**

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

### **Sturgeon Lake**

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

### **Lisbon Valley**

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

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

### **Blueberry Unit**

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

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

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

### **Power Metals**

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

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

## **MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(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. As at January 31, 2019 the Company has issued 2,000,000 common shares fair valued at \$1,950,000.

### **REN Mineral Claims**

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

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

### **Gibraltar Claims**

On May 17, 2018 the Company acquired the Gibraltar Silicon Claims ("Gibraltar Claims") located northeast of Cranbrook BC. As per the terms of the acquisition agreement the Company acquired a 100% interest in the Gibraltar Claims by issuing 100,000 common shares of the Company, issued on May 17, 2018 and fair valued at \$101,000. 50,000 of the common shares were issued to a Director of the Company.

### **Salinitas Lithium Brine**

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

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

### **Kibby Basin**

On July 12, 2018, the Company entered into an option agreement with Belmont Resources Inc. to acquire a 25% interest in the Kibby Basin Property ("Kibby") located in Nevada, the Company must incur exploration expense of \$300,000 no later than October 2018. There were no acquisition costs capitalized related to this property as at January 31, 2019. The Company has met its exploration expenditure requirements.

### **Chilean Lithium Salars**

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

### Prospects and others

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

## 8. EQUIPMENT

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

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

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

## 9. INVESTMENT IN PURLUCID

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

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

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

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

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

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

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

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

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

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

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

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

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

## 10. MGX RENEWABLES INC.

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire MGX Renewables Inc. ("MGX-R") (formerly ZincNyx Energy Solution). Pursuant to the definitive agreement the Company made a one-time cash payment of \$250,000 and issued 4,784,258 common

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

shares fair valued at \$4,784,258. MGX Renewables is a development stage company specializing in the development of zinc air batteries and modular energy storage systems.

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:

<b>Purchase Price</b>	<b>\$</b>
4,784,258 common shares of the Company at \$1.00	4,784,285
Cash	250,000
	<b>5,034,258</b>
<hr/>	
<b>Net assets acquired</b>	<b>\$</b>
Cash	61,745
Prepays	22,379
Intellectual property	4,950,134
	<b>5,034,258</b>

During the six months ended January 31, 2019 the Company entered into an arrangement agreement ("Spin-out"), with its wholly owned subsidiary MGX Renewables Inc. whereby MGX will complete a spin out of 40% of the common shares of MGX Renewables Inc. pursuant to a plan of arrangement under the Business Corporations Act (British Columbia). Under the terms of the Spin-Out, the Company's shareholders of record on June 29, 2018 would receive one MGX Renewables Inc. share for each 12.4163 MGX shares then held, and MGX shareholders of record on October 22, 2018 would receive one MGX Renewables Inc. share for each 59.8186 MGX shares then held as a return of capital.

### 11. SHORT-TERM LOAN PAYABLE

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

### 12. LONG-TERM LOAN PAYABLE

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



## **MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### **13. SHARE CAPITAL**

#### **a) Authorized**

Unlimited number of common shares without par value

#### **b) Financings**

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

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

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

**MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

**c) Share purchase options**

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

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

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

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

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

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

**MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
 For the Three and Six Months Ended January 31, 2019 and 2018  
 (Unaudited - expressed in Canadian dollars)

**d) Warrants**

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

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

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

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

**e) Restricted Stock Units ("RSU")**

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

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

On May 16, 2018 Marc Bruner, Director and consultant at the time, filed a Petition against the Company in British Columbia Supreme Court seeking a declaration that the Company acted

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

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

### e) Flow-through obligation

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

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

## 14. RELATED PARTY TRANSACTIONS

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

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

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

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

## 15. SEGMENTED INFORMATION

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

**MGX Minerals Inc.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

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

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

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

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

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

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

## MGX Minerals Inc.

Notes to the Condensed Interim Consolidated Financial Statements  
For the Three and Six Months Ended January 31, 2019 and 2018  
(Unaudited - expressed in Canadian dollars)

---

### 16. NON-CONTROLLING INTEREST

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

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

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

### 17. CAPITAL MANAGEMENT

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

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

### 18. SUBSEQUENT EVENTS

Subsequent to January 31, 2019:

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

**MGX Minerals Inc.****Schedule 1**

Schedule of Mineral Properties

For the Six Months Ended January 31, 2019 and 2018

(Unaudited - expressed in Canadian dollars)

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

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