MGX MINERALS INC.
303 – 1080 Howe Street
Vancouver, BC V6Z 2T1
Tel.: (604) 681-7735

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018

The following Management's Discussion and Analysis ("MD&A"), prepared as of November 28, 2018, should be read in conjunction with the audited consolidated financial statements of MGX Minerals Inc. ("MGX" or "the Company") for the year ended July 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial amounts are stated in Canadian dollars unless stated otherwise.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at www.sedar.com

FORWARD-LOOKING STATEMENTS

The Company's consolidated financial statements for the year ended July 31, 2018, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of November 28, 2018.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. All statements, other than statements of historical fact, included herein, including without limitation, statements about potential mineralization at the Company's properties, the timelines to complete exploration programs or technical reports and statements about the Company's future development of its properties. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of commodities; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Additional risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, except as required by law, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company is engaged in the acquisition, exploration and development of mineral resource properties and industrial technologies. The Company operates and invests in mineral properties located in Canada, the United States, Chile, and Argentina. The Company operates lithium, magnesium oxide, silca, niobium-tantulum, and gold properties. The Company owns, operates and sells water treatment systems to the oil and gas industry its 55% owned partner PurLucid Treatment Solutions who continues to develop advanced water treatment technology. The Company owns rapid lithium extraction technology from brine which eliminates the need for solar evaporation. The Company is also currently developing a hardrock lithium extraction technology. The Company is developing, with its partner Highbury Energy, advanced gasification technology, to turn petroleum coke into hydrogen and ash concentrate containing containing vanadium in one instance and nickel-cobalt in another. The Company owns, through its wholly owned subsidiary, MGX Renewables, Zinc-Air Battery technology suitable for low cost micro and grid scale storage of energy. The head office is located at Suite 303, 1080 Howe Street, Vancouver, British Columbia, Canada, V6Z 2T1.

On July 4, 2014, the Company completed a reverse takeover transaction (the “RTO” or the “Transaction”) by Manto Gold Corp. (“Manto” or the “Subsidiary”). In connection with closing of the Transaction, “Defiant Minerals Corp.” (“Defiant”) changed its name to “MGX Minerals Inc.” and Manto became the wholly-owned subsidiary of the Company.

OVERALL PERFORMANCE

Highlights:

- 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.
- 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.
- 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 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 and fair valued at $960,000.
- 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.
- On December 19, 2017 the Company entered into a definitive agreement to acquire MGX Renewabels Inc. (Formertly, ZincNyx Energy Solutions) (“MGX Renewables”). 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. MGX Renewables is a development stage company specializing in the development of zinc air batteries and modular energy storage systems.
- The Company closed a non-brokered private placement. The Company issued 5,443,205 flow-through units (the “FT Units”) at $1.15 per FT Unit for gross proceeds of $6,259,686 and 8,393,317 non-flow through units (the “NFT Units”) at $1.10 per NFT Unit for gross proceeds of $9,232,649. Each NFT unit

is comprised of one common share of the Company and one common share purchase warrant entitling the holder of the warrant to acquire on additional common share of the Company for a period of 36 months from the closing date at an exercise price of $1.20. Each FT unit is comprised of one common share issue on a flow-through basis and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share, on a non-flow through basis, for a period of 36 months at a price of $1.20. In connection with the private placement the Company paid a cash finders fee of 8% and issued common shares equal to 4% of the total NFT and FT units sold and non-transferable finders warrants equal to 4% of the total NFT and FT Units. The finders' warrants are exercisable for a period of 36 months from the date of closing and have an exercise price of $1.20. The Company also paid a finance fee of $50,000.

- On July 31, 2018 the Company completed Phase 5 of its investment in PurLucid Treatment Solutions ("PurLucid") and acquired control of PurLucid.

SELECTED ANNUAL INFORMATION

The following is a summary of certain selected audited consolidated financial information of the Company for the years ended July 31, 2018, 2017 and 2016

	2018 $	2017 $	2016 $
Total revenues	-	-	-
Net loss	(25,378,273)	(13,916,691)	(2,312,944)
Net loss per share (basic and diluted) [1]	(0.27)	(0.24)	(0.07)
Mineral properties	10,276,950	4,850,186	1,254,462
Total assets	38,055,472	11,563,110	1,534,777
Long term liabilities	124,670	-	-
Working Capital	5,676,527	2,370,658	(389,948)

DISCUSSION OF OPERATIONS

The Company recorded a net loss of $25,378,273($0.21 per share) for the year ended July 31, 2018 as compared to a loss of $13,916,691 ($0.24 per share) for the year ended July 31, 2017.

The increase in loss for the year ended July 31, 2018 is due to the following:

- Exploration expense of $4,093,180 (2017 - $1,375,249) increased as the Company increased exploration work on Driftwood including additional drilling. The Company also acquired additional lithium properties in Alberta and Utah that resulted in increased exploration work. Additionally, the Company commenced explorations expenditures at Case Lake.
- The Company incurred $9,744,585 (2017 - $1,711,720) of advertising and promotion expenses during the year ended July 31, 2018. The Company began advertising and marketing of its products and technologies to industry for waste water treatment and mineral extraction to the oil and gas industry. This included hiring a US Cleantech public relations firm. The major marketing and public relations effort generated a significant sales pipeline and global recognition of the Company's technology resulting in winning of the Standard & Poors Global Platts Metals Global 2018 Leadership in Base and Specialty Metals Award for the extraction of lithium from oilfield brine. The Company has engaged consultants from various industries as the Company continues to expand its presence in both the lithium extraction, waste water treatment, battery mass storage and traditional mineral and metals exploration markets.
- The Company recorded share-based compensation expense of $3,775,054 (2017 - $2,407,750) during the year ended July 31, 2018 as the Company granted options to directors, officers and consultants of the Company.
- The Company incurred management fees of $3,989,771 (2017 - $6,364,340). Management fees included the vesting of Restricted Share Units ("RSU") that were issued to a Director of the Company.
- Professional fees of $779,688 (2017 - $629,377) increased as the Company finalized definitive agreements to acquire certain assets.
- Consulting fees of $1,947,472 (2017 - $839,556) increased as the Company has increased its presence in the lithium exploration and rapid extraction markets. Additionally, the Company has added additional

consulting fees related to activity in the US. The Company is also consolidating the results of its wholly-owned subsidiary MGX Renewables.

- Travel and entertainment expense of $352,842 (2017 - $217,962) increased as management attended investor conferences and industry events. Additionally, with projects in multiple jurisdictions the Company expects increased travel expenses.
- The Company incurred research and development costs of $701,619 (2017 - $nil) related to the development of the Zinc-air technology.
- Office and administration expense increase to $1,363,900 (2017 - $201,499) this is primarily related to the consolidation of MGX Renewables.

SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

	Three Months Ended ($)			
	July 31, 2018	**April 30, 2018**	**January 31, 2018**	**October 31, 2017**
Loss and comprehensive loss	(6,779,158)	(8,083,505)	(5,627,706)	(4,887,904)
Basic and diluted loss per share*	(0.06)	(0.08)	(0.06)	(0.07)
Total assets	38,055,472	22,705,878	25,520,622	9,875,187
Working capital (deficit)	5,052,087	2,387,736	6,592,655	(97,039)

	Three Months Ended ($)			
	July 31, 2017	**April 30, 2017**	**January 31, 2017**	**October 31, 2016**
Loss and comprehensive loss	(7,737,451)	(3,031,033)	(2,492,079)	(656,128)
Basic and diluted loss per share*	(0.12)	(0.05)	(0.05)	(0.01)
Total assets	11,563,110	4,274,334	2,982,460	2,719,081
Working capital	2,370,658	(1,382,857)	511,825	679,170

* No exercise or conversion is assumed during the periods in which a loss is incurred, as the effect is anti-dilutive.

The increase in net loss for the period ended July 31, 2016 is due to share based compensation related to the grant of stock options and an increase in exploration expenses related to the development of the Driftwood property and the Lithium properties. The increase in net loss for the period ended April 30, 2017 is related primarily to share based payments expense of $1,534,532. The increase in the net loss for the period ended April 30, 2018 is discussed above. The Company also completed a financing during the period ended January 31, 2018 resulting in the increase in working capital.

The loss for the quarter ended July 31, 2017 includes $4,765,040 of management expense related to the vesting of the restricted stock units granted to director.

Investment in MGX Renewables (Formerly ZincNyx Energy Solutions)

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire MGX Renewables Inc. 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. 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:

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

MGX Renewables has commenced development of a scaled-up modular 20Kw/120kwh system for use in commercial/industrial and grid-scale energy storage. The 20Kw/120kWh modules are an increase in capacity from the previous 5Kw/20kWh systems. MGX Renewables innovative regenerative zinc-air flow battery can be readily scaled from kilowatt(kW) to megawatt(MW) output range and kilowatt hour (kW) to gigawatt (GWh) energy storage. The system can provided low cost energy storage. The regenerative zinc-air flow battery efficiently stores energy in the form of zinc particles and contains none of the traditional high cost battery commodities such as lithium, vanadium or cobalt. MGX Renewables technology uses a fuel tank system that offers flexible energy/power ratios and scalability. The storage capacity is directly related to the fuel tank size and quantity of charged zinc fuel, allowing for major scalability as compared with lithium-ion storage system where power output to storage ratio is linear limiting the scale of the energy storage component. MGX Renewables owns 20 metal air battery and fuel cell patents.. The Company is currently in the focused on the optimization and mass production tooling and testing phase.

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.

The agreement was amended and finalized on May 2, 2017 and as per the terms of the amended Agreement the Company can initially acquire a 50% interest through the following phases of investment:

- Phase 1 - $50,000 (paid)
- Phase 2 - $40,000 of engineering expenses (paid)
- 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 company owns 34.12% of the outstanding shares of PurLucid as at July 31, 2017.
- 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 46.16%. The Company will also have the option to acquire an additional 5% in exchange for 1,000,000 common shares of MGX. (Paid $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. 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 will have a 10-year option period to acquire the remaining outstanding shares of PurLucid based on a shareholder’s agreement to be completed at the end of Phase 3.

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. The consideration was allocated to the fair value of the net assets of PurLucid at July 31, 2018. The Company is in the process of completing an external valuation of the intangible assets of PurLucid and as of July 31, 2018 has allocated the purchase price based on preliminary information from the valuation. 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:

Purchase Price Allocation	**$**
Current assets	967,889
Property, plant and equipment	2,308,381
Trademarks and licenses	5,270
Current liabilities	(1,006,307)
Loan	(53,044)
Intangible assets	10,703,847
Deferred tax liabilities	(71,626)
	12,854,411
Consideration	
Cash	2,612,500
Fair value of carrying interest	5,345,907
Non-controlling interest	4,896,004
	12,854,411

Prior to acquiring control, the Company accounted for PurLucid using the equity method of accounting.

During the year ended July 31, 2018 the Company recorded a gain of $106,665, related to its equity investment in PurLucid.

Upon acquiring control on July 31, 2018, the Company began consolidating the results of PurLucid.

MINERAL PROPERTIES

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

	Driftwood	Fran	Canada Lithium	US Petrolithium	Argentina Lithium	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	-	-	20,000	1,674,228	326,775	80,731	-	-	2,101,734
Paid by issue of shares	-	-	1,397,001	96,000	-	1,950,000	101,000	56,500	3,600,501
Write-off of mineral property	-	-	-	(275,000)	-	-	-	(470)	(275,470)
Balance, July 31, 2018	**230,231**	**414,429**	**2,720,332**	**3,962,454**	**326,775**	**2,030,731**	**465,000**	**126,999**	**10,276,951**
Exploration expenditures									
Assays	-	250	19,519	-	-	17,390	-	-	37,159
Administrative	55	11,245	22,697	23,301	-	13,525	-	-	70,823
Consulting	141,553	11,401	559,336	174,391	-	128,725	13,373	-	1,028,779
Drilling	233,070	43,633	-	-	-	274,575	158,855	-	710,133
Engineering	62,844	-	94,026	-	-	-	-	-	156,870
Excavation	6,000	1,250	-	-	-	-	20,075	-	27,325
Field work	465,380	203,646	60,544	67,389	-	6,601	50,407	1,567	855,534
Freight	3,387	-	-	-	-	-	18,431	16	21,834
Geological	124,725	57,015	57,800	429,330	54,898	55,084	57,125	22,545	858,522
Lab work	23,493	130	1,791	3,754	-	-	2,834	752	32,754
Licenses and fees	5,369	30,024	11,274	-	-	-	-	5,661	52,328
Miscellaneous	648	10,710	350	-	-	16,970	31,944	34	60,656
Travel & accommodation	61,268	51,510	11,344	31,677	-	7,430	15,351	1,883	180,463
Total at July 31, 2018	**1,127,792**	**420,814**	**838,681**	**729,842**	**54,898**	**520,300**	**368,395**	**32,458**	**4,093,180**

Fran Property *(British Columbia)*

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 and 30 kilometers southwest of the Mt. Milligan Mine Gold-Copper Mine

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 September 30, 2019.

The Company planned and was permitted for a 24 hole drill program Fran.

Driftwood Claims *(British Columbia)*

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.

During the year ended July 31, 2017, the Company filed a resource estimate for the Driftwood Property that showed measured plus indicated mineral resources of 8.028 million tonnes grading 43.31% magnesium oxide, inferred mineral resources of 846,000 tonnes grading 43.20 magnesium oxide with the bulk of the resource located less than 100 metres from surface. The full NI 43-101 complaint resource estimate was filed on www.sedar.com on September 26, 2016. On October 27, 2016, the Company completed 16 drill holes as part of an infill drilling campaign in an effort to complete a preliminary economic assessment. On December 5, 2016 the Company completed its Phase III drill program on 16 holes totaling 1,212 metres. Significant intercepts from the drill program showed grades ranging from 41.6% to 43.8 at intercepts of 46.5 to 120 metres. A geotechnical drill program is currently underway to define hard contacts between magnesite and dolomite host rock for pit optimization.

As reported in the Company’s March 6, 2018 news release, the Company has completed a successful Preliminary Economic Assessment (“PEA”). The complete PEA has been prepared in accordance with NI-43-101 standards. The PEA presumes a conventional quarry pit operation with a process plant and a furnace/kiln combination to produce a saleable dead burn magnesium oxide (DBM) product. The plant will also have the ability to produce caustic-calcined magnesium oxide (CCM) as a separate saleable product.

The PEA is preliminary in nature and there is no certainty that the forecast results stated in the PEA will be realized, the full PEA can be found on Sedar.com

Longworth Silica Property (*British Columbia)*

On July 21, 2015, the Company completed its acquisition of a 100% undivided interest in the Longworth Silica Property (“Longworth”). As per the terms of the acquisition, the Company issued 700,000 common shares to Zimtu Capital Corp (“Zimtu") at a fair value of $350,000. On July 7, 2016, the Company filed a NI 43-101 technical report for the property. The Company has commenced a nine-hole diamond drill program. The exposed bedrock samples collected from Longworth assayed up to 99.34% silicon dioxide.

Koot Silica Property *(British Colombia)*

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

Wonah Mineral Claims

On December 15, 2015, the Company entered into a Share Purchase Agreement to acquire a 100% undivided interest in the Wonah Mineral Claims ("Wonah"). In consideration, the Company will issue 150,000 shares over a three-year period to the Company's non-independent Qualified Person, Andris Kikauka, and a third party. There are no underlying royalties. During the year ended July 31, 2016, the Company issued 50,000 shares to the vendor at a fair value of $11,000. During the year ended July 31, 2017 the Company issued 50,000 shares that were fair valued at $68,500. The Company issued an additional 50,000 common shares, fair valued at $56,500 during the year ended July 31, 2018.

The Company has commenced development activity at both its Koot and Wonah projects. Archaeological assessment and environmental assessments are expected to commence in the near future. The Company has prioritized the evaluation and development of its silicon projects due to the relative simplicity of quarry operations. The Company has commenced a diamond drill program at the Koot Claims. The Company completed nine drill holes across 50 meter spacing.

Lithium Properties

Alberta Lithium

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

- Make cash payments of $20,000 (paid in March, 2016);
- Issue 500,000 common shares of the Company (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 Agreement"). As per the Buck Lake Agreement, the Company must complete the following:

- Make cash payments of $20,000 (paid in April, 2016);
- Make cash payments of $20,000 each due on April 7, 2017 and April 7, 2018;
- Issue 333,332 common shares of the Company (issued at the fair value of $133,333 in May, 2016);
- Issue 333,333 common shares of the Company by April 7, 2017 (issued and fair valued at $398,998 on April 7, 2017); and,
- Issue 333,334 common shares of the Company by April 7, 2018.(issued and fair valued at $310,001)

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

Sturgeon Lake Lithium

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

Lisbon Valley

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

The Company made additional cash payments of $324,632 related to additional claims and land management fees. On August 2, 2017 the Company issued an additional 100,000 common shares, fair valued at $96,000, to acquire additional Lisbon Valley Claims. The total acquisition cost at July 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 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. The Company chose to not continue with this project and has written off $275,000 of acquisition costs. The Company will instead focus on its other US Lithium assets.

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 - $648,480)
- $500,000 USD on or before March 1, 2018 (Paid - $640,450)
- $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 July 31, 2017 the Company has recorded an additional $490,880 of acquisition costs related to the land management expenses incurred during the Carry Period.

As reported in a press release dated August 9th, 2017, a N.I. 51-101 compliant independent assessment of oil and gas reserves by the Ryder Scott Company. The full N.I. 51-101 can be found on Sedar.com
The Company is focused on continuing to develop its lithium and petrolithium properties and has developed a process for a rapid extraction of lithium from salt brine, including oilfield, geothermal, and natural brine. The process was developed to eliminate the solar evaporation phase which is part of a two-step lithium extraction from brine process in common use. By eliminating the solar evaporation phase the process time could be reduced by 99% from approximately 18 months to one day..

PurLucid also filed a provisional patent related to the recovery of metals and minerals from produced wastewater brine in the oil and gas industry, the patent rights have been exclusively granted to MGX for the life of the patent. This allows the Company to provide flexible fully integrated oilfield solutions to oil and gas operators. At July 31, 2018, a pre-commercial test pilot plant had been operating for a year, a 120 cubic meter per day plant was completed and since been deployed.. A 240 cubic meter per day plant was under construction with a second 240 cubic meter per day plant ordered and a 480 cubic meter plant had been designed and has since been ordered. The systems can be used for waste-water treatment and lithium extraction simultaneously or one or the other.

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 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 and fair valued at $960,000.

As at July 31, 2018, Power Metals had completed 97 holes at Case Lake, a property held by Power Metals in which the Company has a 20% working interest. The drilling successfully intersected multiple course-grain pale green spodumene zones at shallow depths.

Kibby Basin

On July 12, 2018, the Company entered into an option agreement with Belmont Resources 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.

Prospects

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

OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value

All share information is reported as of November 28, 2018, in the following table:

Type of Security	Number
Issued and outstanding common shares	122,655,926
Stock options with a weighted average exercise price of $0.92	10,084,000
Warrants with a weighted average exercise price of $1.14	31,984,143
RSU	7,300,000
Total	172,024,069

TRANSACTIONS BETWEEN RELATED PARTIES

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

	2018	2017
	$	$
Management fees[1]	3,989,771	6,364,340
Geological fees[2]	45,450	25,400
Legal [3]	70,323	-
Share-based payments	1,429,741	1,129,966
	5,535,285	**7,519,706**

[1] Management fees consisted of fees from Jared Lazerson (CEO) and Michael Reimann (CFO) and Marc Bruner (Director and Chairman of the Board)
[2] Geological fees consisted of fees from Andris Kikauka
[3] Legal fees consisted of fees from Lyndon Patrick.

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 July 31, 2018, the Company had $68,354 (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 $64,330 (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.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2018, the Company had working capital of $5,676,527 (July 31, 2017 – working capital of $2,370,658), has not generated any revenue from operations and has an accumulated deficit of $43,140,525 (July 31, 2017 - $17,762,252). The Company had $6,613,350 of cash at July 31, 2018 (July 31, 2017 - $2,897,448), the Company's operations during the year consumed $19,367,988 of cash (2017 - $4,459,807). The Company also had investments during the year of $6,259,534 including the acquisitions of MGX Renewables, PurLucid and a water treatment unit that is currently in development.

The Company has no operations that generate cash flow and its long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets resource properties and intangible assets held through subsidiaries. Exploration expenditures are expensed as incurred.

The Company's resource property agreement is an option agreement and the exercise thereof is at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements (see "Mineral Properties" in this MD&A for more information).

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

During the year ended July 31, 2018 the Company completed the following financing activities:

- 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

- 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
- 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
- On February 20, 2018 the Company issued 56,065 common shares in lieu of consulting fees; the shares were fair valued at $88,583
- On March 19, 2018 the Company issued 50,000 common shares, fair valued at $56,500, related to mineral property acquisitions
- On April 5, 2018 the Company issued 333,334 common shares, fair valued at $310,001, related to mineral property acquisitions
- On May 8, 2018 the Company issued 10,816 common shares in lieu of consulting fees; the shares were fair valued at $8,869
- On May 17, 2018 the Company issued 100,000 common shares, fair valued at $101,000, related to mineral property acquisitions
- On June 25, 2018 the Company closed a closed a non-brokered private placement. The Company issued 5,443,205 flow-through units (the "FT Units") at $1.15 per FT Unit for gross proceeds of $6,259,686 and 8,358,317 non-flow through units (the "NFT Units") at $1.10 per NFT Unit for gross proceeds of

$9,232,649. Each NFT unit is comprised of one common share of the Company and one common share purchase warrant entitling the holder of the warrant to acquire on additional common share of the Company for a period of 36 months from the closing date at an exercise price of $1.20. Each FT unit is comprised of one common share issue on a flow-through basis and one half of one common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share, on a non-flow through basis, for a period of 36 months at a price of $1.20. The Company fair valued the warrants at $828,091 using the residual method and recorded a flow-through premium of $272,160.

- The Company issued 552,460 finders shares and 552,460 finders' warrants in connection with the private placement. The finder's warrants were fair valued at $385,479 using the Black-Scholes option pricing model using the following assumptions: risk free rate – 1.84%; expected dividend – nil; expected life – 3 years; expected volatility 116%. The company paid cash finance costs of $1,373,595.
- On July 16, 2018 the Company issued 1,000,000 common shares, fair valued at $990,000, related to mineral property acquisitions

During the year ended July 31, 2018 the Company received proceeds of $1,120,500 pursuant to the exercise of 2,426,000 stock options and $12,097,926 from the exercise of 8,418,662 warrants.

During the year ended July 31, 2018 the Company incurred capital expenditures of $2,101,734 related to the acquisition of mineral properties; $795,495 pursuant to equipment purchases, $106,125 of reclamation deposits and $200,000 for the purchase of marketable securities.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet transactions.

PROPOSED TRANSACTIONS

The Company has no proposed transactions that will materially affect the performance of the Company.

ACCOUNTING POLICIES

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.

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.

FINANCIAL INSTRUMENTS

The Company has classified its financial instruments as follows:

	July 31, 2018	July 31, 2017
	$	$
Loans and receivables:		
Cash	6,613,350	2,897,448
FVTPL:		
Marketable securities	624,440	-
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	2,106,269	1,072,623
Loan payables	756,392	-
Due to related parties	68,354	124,763
	2,931,015	1,197,386

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at July 31, 2018, the Company had working capital of $ 5,676,527 (July 31, 2017 – $2,370,658).

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company’s cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company’s receivables consist of GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company’s ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Foreign currency exchange rate risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal. The Company will be exposed to increased foreign currency risk relating to US dollar transactions as the Company increases exploration expenses related to the Lisbon Valley, Paradox Basin and Blueberry Unit properties.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risk, including but not limited to, environmental, metal prices, political and economical.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record and the experience of management.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish mineral reserves.

There is no guarantee that the Company will be able to contribute or obtain all necessary resources and funds for the exploration and exploitation of its permits, and may fail to meet its exploration commitments.

Mineral exploration involves a high degree of risk and few properties, that are explored, are ultimately developed into producing mines.

If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended July 31, 2018, and this accompanying MD&A (together the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

OUTLOOK

The outlook for precious metals is good. The capital markets needed to access financing are challenging but management believes the Company will continue as a viable entity. The properties will require significant investment as they transition into development stage projects.

OTHER

Additional information relating to the Company's operations and activities can be found by visiting www.sedar.com and www.mgxminerals.com.