MAG ONE PRODUCTS INC.

Management's Discussion & Analysis

Six Months Ended 31 March 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 2017
FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of the operations of Mag One Products Inc., ("Mag One", the MOPI", or the "Company") for the six months ended March 31, 2017.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the same period and the financial statements and MD&A for its recent year ended September 30, 2016. The Company's financial statements and other important information of the Company such as press releases and informational circular are available at www.sedar.com. This MD&A has been prepared effective as of May 30, 2017.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward looking statements involve a number of risks and uncertainties, including the impact of general economic conditions, industry conditions, and changes in Canadian and foreign laws and regulations, increased competition, fluctuations in real estate properties market, foreign exchange, and interest rates and stock market volatility. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. Mag One is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forwarding looking statements	***Assumptions***	***Risk factors***
The Company intends to finance the Company's operations by additional related party financing, sale of shares, joint ventures or other forms of partnership financing.	*Based on the Company's understanding of current capital market*	*The Company may lose support from related parties and the capital market may not be available to provide financing.*

OVERALL PERFORMANCE

Mag One Products Inc. was incorporated on June 18, 2007 in British Columbia, Canada. The Company's head office is located at Suite 145 – 925 Georgia Street West, Vancouver, V6C3L2. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "MDD and are also listed on the Börse Frankfurt stock exchange ("Frankfurt") with the ticker symbol "304" and on the OTCQB, symbol, "MGPRF".

The Company's principal business is the development and commercialization of technologies for the processing and production of magnesium (Mg) metal and Mg-related compounds and byproducts and co-products from serpentinite tailings.

Following is a summary of other significant operating events of the MOPI:

Research and Development

In January, further to the Company's MagPower project, MOPI signed a Consulting Agreement with Blue Coast Systems, LLC, ("Blue Coast") headed by Joseph A. Swider, B.Sc. Mech. Eng., of Richmond, Virginia and former U.S. Naval Officer. Swider has 25 years of experience in international, domestic and federal markets ranging from advanced cyber technology, sensor systems, industrial operations including Mining and Metals, Oil and Gas, Energy sectors as well as various U.S. Federal Departments. Swider's mandate as a strategic advisor is to investigate commercialization of the Mg-Air Fuel Cell, magnesium-air battery technology for commercial, retail, humanitarian, disaster relief on land and sea and industrial applications. MagPower is a wholly-owned subsidiary of Mag One. Significantly, this Mg-Air technology is reliable, portable, low-cost source of power that can be used to recharge cell phones and batteries as well as scalable to power a lifeboat's motor and more. Since his engagement, Swider has been able to identify several potential clients in the USA that would be interested in procuring a significant quantity of these units for a myriad of uses. Swider's goal is to secure LOI's from interested parties and coordinate ongoing patent applications and prototype redevelopment.

Last year it was reported that Mag One demonstrated that its MgO manufacturing processes has the potential to produce greater than 98 weight percent pure MgO, as well as a saleable byproduct with a per-tonne commercial value that *could* be equal to, or greater than the MgO product. It was also shown that the silicon contained within the serpentinite tailings that Mag One is using, can be transformed into high-value amorphous silica (SiO_2), which has commercial applications in the construction industry as a replacement for silica fume in concrete and in the rubber tire industry as a replacement for carbon black. Furthermore, the iron residue from the magnesium recovery process has been projected to contain 2.4% nickel, which has potential value for existing nickel recovery operations. Therefore, Mag One's MgO + SiO_2 manufacturing is targeted to be essentially a near 'zero discharge' operation, as the mass of solid waste generated will be very small and non-hazardous.

Mag One received $148,000 in February 2017 from Invéstissement Québec as an advance towards the non-refundable contribution of up to $495,000. This significant funding towards Phase I. of Mag One's Hydrometallurgical Pilot Plant (process and produce high-purity magnesium oxide ("MgO") and SiO_2) went towards the purchase of essential pilot equipment, onsite Project Management and engineering costs. This pilot plant is essential to demonstrate to financiers, investors and potential customers and companies interested in offtake agreements, the grain size and quality of the products produced prior to pricing and quantities. In addition, the production of excellent quality and high-purity MgO is the precursor to the Company's ultimate goal, and flagship operation of producing Mg metal.

In conjunction with the pilot plant efforts ongoing in Quebec, Mag One's Tennessee operations have been working diligently to advance the method for transforming the high-purity MgO into magnesium metal. Refining the specific reactions, feed source and determining the best way forward, are amongst the current progress works.

Mag One has disclosed several times in the past three years that it has signed a contract to secure 50M tonnes of serpentinite tailings produced by the former Jeffrey Mines operation located in Quebec. MERN data received from the former General Manager of Jeffrey Mines indicates that 142M tonnes were produced between 1970 and 1993. The mine continued to operate for another 19 years and finally closed in 2012. Although this historical data indicates a significant amount of serpentinite tailings, The Company is required to file a NI-43.101 to support these statements and prove the high Mg mineralization content of its vast piles of tailings.

In February, the Company engaged Mr. Jacques Marchand, a Québec Ingénieur Géologue Conseil (and a Qualified Person as defined by National Instrument 43-101), to produce a NI-43.101 Summary of Technical Finding Report. Marchand is reviewing all (over 60-years of tests, reports, etc.) historic data and pertinent information including onsite verification of mineralization composite of the tailings, size of the massive stockpile, technical reports, historical reports, and related contracts, as well as current lab test results, tonnage of tailings, etc. It is relevant to note here that Mr. Bernard Coulombe, a recent Director to Mag One's Board, has invaluable facts and experience of the site and tailings as he has been actively working with Mine Jeffrey for over 28 years, most recently as its President and CEO from 1991-2017. Mr. Marchand is also supervising the certified analytical lab that will provide chemical and mineralogical data from the representative samples that were taken in 2015 by Jeff Hussey, a professional geologist engaged by Mag One. Once Mr. Marchand has filed his report on SEDAR, key findings will be updated on all Mag One's investor and promotional marketing material, it's factsheets and its website. This report will be released in the third quarter of 2017.

Technical disclosure within this MD&A was prepared and approved by Gillian Holcroft B.Eng., M.Eng., a Qualified Person as defined by NI 43-101.

In February, the Company announced that its President and CEO of its wholly-owned subsidiary, Mag One Operations Inc., Ms. Gillian Holcroft was appointed to the Board and accepted the role and duties of President of MOPI, the public company. Similarly, it was announced that Mag One's Chairman, Mr. Nelson Skalbania would also assume the role of interim CEO following the resignation of Mr. Lucky Janda.

Financing Summary

- Company initiated a private placement for the issuance of 5,000,000 security units ($0.70/unit) for gross proceeds of $3,500,000. Each unit consisted of one common share and one full share purchase warrant, exercisable to one common share at $1.40 for a period of one year after issuance. The Company issued 312,000 units as at March 31, 2017.

- During the quarter ended December 31, 2016, the Company received $670,000 (accumulated) short-term financing from various related parties and arm's length parties. To date, the Company has repaid $70,000. of this amount.

- The Company is actively seeking investors, financing and end-users of its products (for offtake agreements) to secure funding to permit ongoing construction of its pilot plant and other projects.

OUTLOOK

Business outlook

Mag One's goal is to become the diamond standard in the Magnesium industry with high-purity Mg compounds and Mg metal, using its technology, process and unique modular expansion method. An initial module will generate sufficient revenues** for what? Not complete? and once offtake agreements are secured, market demand warrants and financing arranged, more processing modules may be added. Projects are all located in the province of Quebec, near the Company's huge tailings pile and include an assembly plant for Mg-based wall panels, pilot plant for process and production of high-purity MgO and other Mg compounds, byproducts and coproducts including Si, Fe and Ni and ultimately, 99.9% pure Mg metal ingots The location has numerous benefits: local available skilled labour, very low electrical costs, on road and rail and has intense support of the Quebec Provincial government. The Company's operating subsidiary, Mag One Operations Inc. will oversee all projects, be responsible for coordinating construction, staffing, technology, equipment, etc. allowing the same management infrastructure to manage/operate all of the Company's modular operations, which will help reduce labour costs.

Because Mag One's operations are largely decoupled, the Company can execute these efforts as distinct projects. In addition, the company can reduce fixed operating costs by sharing Mag One's management infrastructure over these various divisions making overall operations more cost-effective. The extremely low (close to zero) harmful waste also promotes MOPI's plan to renovate/recycle an industrial waste land and create a Magnesium Valley providing jobs and opportunities in southwest Quebec as well as a secure and stable Canadian source of Mg.

SUMMARY OF QUARTERLY RESULTS

The Company's operations in these past two quarters are not subject to seasonality.

The Company expects the operating losses to slowly decrease in the next few years as funds will be generated by its Magboard Products Inc. operation and others. The Company does not expect to earn revenue from these activities before Q3 or Q4 fiscal 2017, unless it is successful in procuring an offtake agreement, or securing major financing.

The table below sets out the recent eight quarterly information of the Company.

	Q2 2017	**Q1 2017**	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**	**Q3 2015**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Net loss from continued operations	(434,225)	(415,584)	(1,289,545)	(343,527)	(407,855)	(3,503,329)	(388,515)	(82,796)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.11)	(0.01)	(0.00)

RESULTS OF OPERATIONS

Six months ended March 31, 2017 ("2017 Six Months")

The Company's results of 2017 Six Months compared to the same six-month period in the last year is as follows:

Six months ended March 31,	**2017**	**2016**	**2017 - 2016**	**Ref**
	$	$		
Expenses				
Consulting	268,789	165,537	103,252	2
Office and administration	54,662	25,385	29,277	
Promotion and investor communication	88,814	169,076	(80,262)	
Research	358,099	187,855	170,244	3
Professional	25,977	15,950	10,027	
Share-based compensation	–	3,267,200	(3,267,200)	1
Travel	37,044	38,951	(1,907)	
Trust and filing fees	16,424	41,230	(24,806)	
Total operating expenses	849,809	3,911,184	(3,061,375)	
Net loss	(849,809)	(3,911,184)	3,061,375	

1	*The Company granted 3,250,000 options during 2016 Six Months. All of the options granted vested immediately. There were no options granted or vested during 2017 Q1.*
2	*The amount of consultant fees in 2017 Six Months increased as the Company is more active in the current six-month period. E.g. the Company engaged Mr. Jacques Marchand to prepare a NI 43-101 report summary, and also Blue Coast, and GLH Strategic for other services.*
3	*Research increased significantly in 2017 Six Months as the Company refined its research and testing activities related to the Pilot Plant final design, equipment choices and process technology.*

Three months ended March 31, 2017 ("2017 Q2")

The Company's results of 2017 Q2 compared to the same three-month period in the last year is as follows:

Three months ended March 31,	**2017**	**2016**	**2017 - 2016**	**Ref**
	$	$		
Expenses				
Consulting	141,142	60,045	81,097	2
Office and administration	29,890	11,229	18,661	
Promotion and investor communication	36,910	151,887	(114,977)	1
Research	175,852	157,224	18,628	3
Professional	21,087	4,000	17,087	
Travel	17,568	13,999	3,569	
Trust and filing fees	11,776	9,471	2,305	
Total operating expenses	434,225	407,855	26,370	
Net loss	(434,225)	(407,855)	(26,370)	

1	*Promotion and investor communication decreased as the Company put more focus in promotion and investor communication during the 2016 Q2.*
2	*The amount of consultant fees in 2017 Six Months increased as the Company is more active in the current six-month period. E.g. the Company engaged Mr. Jacques Marchand to prepare a NI 43-101 report summary, and also Blue Coast, and GLH Strategic for other services.*
3	*Research expenditures are incurred as required. Research in 2017 Q2 is not significantly different from the same quarter in the last year.*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On March 31, 2017, the Company had a working capital deficiency of $749,972. The Company is not subject to external working capital requirements. The Company is in the process of raising more equity financing in order to finance the Company's operations and to eliminate the working capital deficiency.

Management realizes that the capital and liquidity on hand is not adequate for the Company to achieve its long-term business objectives. While the Company could raise financing when needed in the past, there is no guarantee that the Company can do so in the future.

During 2017 Six Months the Company used $201,488 in providing the required funding to the JV MPI and received a $148,500 payment from Investissement Quebec .

The Company also received $744,200 from its financing activities ($500,000 from promissory note borrowing; $244,200 from warrants exercised).

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to key management and directors

The following are the remuneration of the Company's related parties:

Six months ended March 31,		**2017**	**2016**
		$	$
Chairman of the board (the "Chairman")	Consulting	48,000	48,000
Former chief executive officer ("CEO").	Consulting	-	48,000
President and CEO of a subsidiary	Consulting	48,000	48,000
Officers and entities related to officers	Share-based compensation	-	1,888,850
Other directors	Share-based compensation	-	510,500

Amounts due to related parties

	March 31, 2017	**September 30, 2016**
Officers and former officers	62,000	$ 6,000
Note payable due to related parties (i)	500,000	103,750
A Company with common directors and management	6,300	6,300
	568,300	$ 116,050

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 34,742,283 common shares outstanding. The Company also has 3,175,611 share-purchase warrants and 3,370,000 stock options that can be converted to common shares of the Company on a one-to-one basis.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

Subsequent to the period ended March 31 ,2017, the Company is close to secure access to another 60 Million tonnes of Mg-rich (approximately 23%) serpentinite tailings in Thetford, QC and is securing another building for operations in QC near its pilot plant site.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended September 30, 2016.

FINANCIAL INSTRUMENTS AND RISKS

The Company has not changed its approach in handling the risks associated with its financial instruments since its recent year ended September 30, 2016.

Fair value

Financial instruments that are not measured at their fair values are cash, other receivable, accounts payable and accrued liabilities, due to related party, and note payable. The fair values of these financial instruments approximate their carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company does not have financial instruments measured at fair value

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	March 31, 2017	September 30, 2016
Loans and receivables:	$	$
Cash	120,377	207,239

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2017	September 30, 2016
Non-derivative financial liabilities:	$	$
Trade payables	66,897	146,002
Note payable	100,000	-
Due to related party	568,300	116,050

RISK FACTORS

Risks of the Company's business include the following:

Competition

Magnesium Metal is a competitive market and the ability to secure offtake agreements with magnesium metal clients and customers is critical. The key to success is to ensure that a stable, low-cost ultrapure magnesium metal (and Mg-related byproducts and compounds) is produced at a price less than its competitors while the sale of products from its other related operations assists in revenue flow. The Company's other assets are its technology, process and innovative modular plant expansion design.

New Business

The Company currently does not have any contractual customers. To mitigate this risk, the Company is actively in discussion with several large companies who have shown great interest in purchasing the Company's magnesium based products. However, there is a risk that the Company may not be able to find sufficient customers at the early stages.

Market

The profitability of the Company's operations is significantly affected by changes in the market prices of the products. The level of interest rates, the rate of inflation, and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Project Execution Risk

The business is based on a novel, low-cost modular method for producing magnesium metal and magnesium oxide. Although the majority of the unit operations are commercially proven, several key processing steps need to undergo a technical and economic review and possible testing prior to engineering and construction. To mitigate this risk, this capital and operating cost review will be carried out by an independent engineering firm prior to detailed engineering design and construction of the facility.

Once the detailed engineering design is complete, there are no guarantee that the processing facility will be built on time and on budget. Any delays in receiving the appropriate environmental and construction permits, construction delays, as well as ramp up to full capacity may materially impact the Company's financial performance and cash flow. This risk, however is being mitigated through the design and construction of a modular facility. This approach limits the financial exposure and helps to ensure adequate cash flow prior to expanding production through additional modular units.

Key Personnel

The loss or departure of the Company's key management personnel, (if not immediately replaced) would have a material impact on delivering the novel magnesium processing facility. This risk is mitigated through the engagement of technology experts, consultants in the field, etc. who can intervene in such an instance. Once the final design, equipment procurement and construction of the pilot plant and other operations is complete, this risk is further mitigated

The facilities' location in an industrial community gives it the ability to engage qualified personnel to operate the facility, create local jobs and renovate an industrial wasteland to an environmentally friendly business hub is deemed to be a very low risk.

Product Quality

The unique Magnesium process is designed to produce 99.9% wt. magnesium metal ingots. If the processing steps result in inconsistent product quality, then the Company may not be able to fulfill its contractual agreements to its customers which could adversely impact its financial performance, if the Company's other products sales are not high enough to compensate.

In addition to producing Magnesium ingots, the process is also designed to produce significant quantities of secondary Mg-related byproducts, co-products and compounds for sale to customers as well as its Mg-based panels for the construction industry and Mg-Air Fuel Cell development as commercial viability is determined. The Company is determined to create a solid, stable, Canadian source of Mg and its other products to enable both Canada and the USA to rely less on other foreign imports.

Consumable and Raw Material costs

The process is based on processing ongrade, already-mined, serpentinite tailings to produce magnesium metal and other related Mg byproducts. The Company has secured a longterm agreement for the raw material supply at a very low ($1.00/tonne as it is used) price. These two contracts (50 million+ tonnes) ensures a longterm raw material supply and as such this risk has been mitigated.

Because the process is based on novel technologies and unique modular plant design, the risk of higher consumable pricing from third parties has also been mitigated. In addition, the location of the production facility in Canada, specifically the province of Quebec is in a mining, industrial-friendly, abundance of skilled labour and extremely low-cost electrical power jurisdiction and a very supportive Quebec government.

Property Damage

The facility will be insured against loss of property as well as other insurances to protect against certain risks. The Company, however cannot insure against operator error, improper maintenance, and general equipment failure. As such these events may increase the overall operational costs of the facility and thus impact the profitability of the Company.

Environmental and Safety Compliance

The processing facility will be designed and constructed to meet all required environmental, health and safety standards. Although best practices will be used to design, construct and operate the facility, there is always a risk that operator error or equipment failure will result in environmental and/or safety non-compliance.

Intellectual Property

The Company has significant know-how which will be protected through the filing of patents as well as the issuance of non-disclosure agreements for specific know-how and business confidential information. Although every effort will be made to ensure that the Company's IP and know-how are protected, there is a risk that the competition and/or employees will not respect their legal obligations and the Company may be forced to take legal action.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

OFFICERS AND DIRECTORS

Nelson Skalbania, Chairman, CEO & Director
Gillian Holcroft, President & Director
Dr. James Blencoe, Chief Technology Officer & Director
G. Bernard Coulombe, Director
Charn Deol, Director