MAG ONE PRODUCTS INC.

Management's Discussion & Analysis

Nine Months Ended 30 June 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE MONTHS ENDED 30 June 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", "MOPI", or the "Company")

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 such as press releases and informational circular are available at www.sedar.com.

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 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.'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", 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 processing Mg-rich serpentinite tailings for the production of magnesium ("Mg") metal and Mg-related compounds, byproducts and co-products.

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

Research and Development

In the Second Quarter (Jan-Mar) of 2017 the Company hired Blue Coast Systems (BCS) to review identify key market sectors and firm up the value proposition for its Mg-Air Fuel Cell technology of its wholly-owned subsidiary, MagPower Systems Inc. This technology is designed to be a reliable, portable, low-cost source of power that can be used to recharge cell phones, batteries and more. Several opportunities were identified and the top prospects will be approached for potential advance purchase agreements (Letters of Intent). Recent events in the United States (e.g. Hurricane Harvey) have highlighted the urgent need for solutions that can provide reliable, emergency backup power. The Company is reviewing the report produced by BCS and will determine the future plans for this technology over the next few weeks.

Mag One's Phase 1 Pilot Plant is operational and has begun producing high purity silica and the pre-curser material for high-purity MgO. Mag One's management is encouraged by the positive results that were achieved in such a short period of time. The intent is to build a facility to not only produce MgO for the chemical industry but to also produce high-value amorphous silica (SiO_2) for potential commercial applications in the cement and rubber industries. Given that the iron and nickel residues also have commercial potential, Mag One's process is targeted to be essentially a near 'zero discharge' operation.

The Phase 1 Pilot Plant efforts will continue with the goal of generating key information for the commercial plant as well as data needed for Phase 2. In addition, material generated during the pilot plant's operation will be used to garner off-take agreements as well as the necessary certifications. The pilot plant efforts are guided by Dr. Yu-Mei Han (Masters and Ph.D. in Metallurgical Engineering) who is the technical director of the Centre d'innovation Minière de la MRC des Sources, ("CIMMS"). It was announced that CIMMS had received a $2.5M grant from the Federal Government for equipment and expansion of its facility. It was further recognized during the press conference that CIMMS would not have been possible without having Mag One as its first client.

In April, the Company engaged Dundee Sustainable Technologies Inc., ("DST") to work with Mag One's technical team to ensure that the results generated from the Pilot Plant can be successfully used to scale up the commercial plant. This effort by DST is being led by Mr. David Lemieux, a Chemical Engineer who is well versed in hydrometallurgical processes and has extensive experience with serpentinite tailings. Mag One also engaged an expert in environmental permitting and submitted a project description to the Quebec Ministry of the Environment for an operation that will produce 30,000 TPY of MgO and 35,000 TPY of high purity silica. This project description is currently under review.

In conjunction with the pilot plant in Quebec, Mag One's Tennessee operations have been concentrating their efforts to advance the pyrometallurgical method for transforming the high-purity MgO into magnesium metal. In May, a key result was reached in the development of Mag One's CO_2 and slag-free aluminothermic technology for manufacturing Mg ingots and magnesium-aluminum ("Mg-Al)" alloys. This team, headed by Dr. Jim Blencoe, is

now at the stage where it can move the Mg metal process development equipment to Quebec.

Mag One has disclosed several times in the past three years that it has signed a contract to secure 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 Mg-rich serpentinite tailings, the Company was instructed by IIROC and the BCSC to hire a Qualified Person as defined by NI.43.101 to verify the historical data and estimates and complete a Summary of Technical Finding, (NI.43.101 report). A draft version of this report is currently under review by the BCSC.

In June 2017, Mag One acquired the rights to process an additional 60-million tonne stockpile of serpentinite tailings near Thetford Mines, Quebec, only 35miles away from the Mine Jeffrey serpentinite stockpile. The Company also acquired the rights to the historical NI 43101 report which demonstrated that the tailings contained the following concentrations of magnesia, silica and nickel:

MgO	38% **(23% Magnesium)**
SiO_2	39% (18% Silicon)
Ni	0.23%

Mag One's Magboard Products Inc.'s ("MPI") 50%-owned subsidiary is actively seeking end users and or distributors to forward sell these products which will justify the construction of an assembly plant in Quebec. These magnesium-based structural insulated wall systems that are fire, rot, termite, mold and impact resistant. ROK-ON™ systems substantially reduce the number of layers commonly used in construction to meet new code mandates in both Canada and the USA.

MOPI announced the resignation of Mr. Coulombe who was appointed to the board of directors. Mr. Coulombe acknowledged that his prior commitments to his various business ventures made it difficult for him to continue to support Mag One in this capacity. Company will soon be announcing his replacement on the Board.

Financing Summary

- MOPI initiated a private placement for the issuance of 8,000,000 security units (at $0.20/unit) for gross proceeds of $1,000,000. Each unit consists of one common share and one full purchase warrant for $0.50 for one year from Closing. This nearly fully-subscribed funding is to be Closed early in Q4.
- The Company is actively seeking investors, financing and offtake agreements to secure funding for the construction of a commercial plant and for its future Mg Metal demonstration plant.
- Mag One Operations is working to secure advanced sales of its ROK-ON™ products to justify the construction of a Mag Board manufacturing plant in Quebec.

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, proprietary process and unique modular expansion method. Pilot plants' results will contribute to final specs of an initial modular plant to generate sufficient revenues. Once offtake agreements are secured and financing arranged, more processing modules may be added. Projects are all located in the province of Quebec, near the Company's huge tailings piles 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, perhaps the lowest electrical costs in North America, on road and rail and has support of the Quebec Provincial and Canadian Federal Governments. 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 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 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, with its largest consumer, the USA a mere 50 miles away.

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 Q2 2018, unless it is successful in procuring an offtake agreement, or securing major financing in the interim.

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

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	$	$	$	$	$	$	$	$
Net loss from continued operations	(393,235)	(434,225)	(415,584)	(1,289,545)	(343,527)	(407,855)	(3,503,32 9)	(388,515)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.05)	(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:

Nine months ended March 31,	**2017**	**2016**	**2017 - 2016**	**Ref**

	$	$		
Expenses				
Consulting	219,991	165,537	54,454	2
Office and administration	58,148	25,385	33,033	
Promotion and investor communication	140,141	169,076	(28,935)	
Research	174,976	187,855	7,121	3
Professional	23782	15,950	7,832	
Share-based compensation	–	3,267,200	(3,267,200)	
Travel	47,578	38,951	8,627	
Trust and filing fees	31,390	41,230	9,840	
Total operating expenses	648,228	3,911,184	(2,845,908)	
Net loss	(648,228)	(3,911,184)	3,183,728	

1	There were no options granted or vested during 2017 Q1.
2	The amount of consultant fees in 2017 9 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, Blue Coast, GLH Strategic, Han, Dundee, etc. for the Pilot Plant I.
3	Research increased significantly in 2017 9 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	
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)	

3	Research expenditures are incurred as required. Research in 2017 Qis 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 June 30, 2017, the Company had a working capital deficiency of $12,694,404 The Company is not subject to external working capital requirements. The Company is in the process of raising more equity financing for 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.

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 CEO")	Consulting	48,000	48,000
President and CEO of a subsidiary	Consulting	48,000	48,000

Amounts due to related parties

	June 30 , 2017	September 30, 2016
s and former officers	$ 93,200	$ 6,000
ıyable due to related parties	250,000	103,750
ny with common directors and management	6,300	6,300
	$ 599,500	$ 116,050

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 39,601,343 common shares outstanding

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company must be able to publicize both of its NI.43.101 Reports on its 110M tonnes of tailings and is working to satisfy BCSC's comments and concerns as quickly as possible.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies since its recent year ended 30 Sept 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	-

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 other 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. However, as much of the world's Mg, MgO and Mg-based wallboard is produced in China, the potential for a Canadian source and products are needed for North America. 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. SNC Lavalin and Dundee have reviewed much of the technical and economic review and collecting more data now from Pilot Plant I. Some key processing steps in the Mg Metal need technical/economic reviews to finalize engineering and design details for Phase II of Pilot Plant I and form a basis for Pilot Plant II. re commercial MgO production. 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 both pilot plants 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 (110 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 with 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 as is 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
Charn Deol, Director