AMENDED AND RESTATED

MAG ONE PRODUCTS INC.

Management's Discussion & Analysis

Year Ended September 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 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 year ended September 30, 2017.

This MD&A should be read in conjunction with the Company's restated consolidated financial statements for the year ended September 30, 2017. 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 August 10, 2018.

The Company's consolidated financial statements for the year ended September 30, 2017 have been restated to correct for errors in the original year-end financial statements. The amendments relate to corrections to the misclassification of certain amounts recorded to due from/to related parties, accounts payable and accrued liabilities, notes payable to related parties, note payable, share capital subscriptions received in advance, reserves, and subscription receivable as at September 30, 2017. The amendments also include the correction to arithmetical errors in the statements of cash flows. These financial statements also reflect a change to consulting and interest expenses that were not recorded in the previously issued audited financial statements. An adjustment was made to gain/(loss) on settlement of debt that was incorrectly calculated. Refer to note 18 of the consolidated financial statements for the year ended September 30, 2017 for the detail of the restatement adjustments.

FORWARD LOOKING STATEMENTS

This MD&A contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only Mag One's expectations, estimates and projections regarding future events.

While the company considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect. Forward-looking statements are subject to risks and uncertainties that are difficult to predict. The results or events set forth in forward-looking statements may differ materially from actual results or events. Several factors could cause our actual results or events to differ materially from those expressed in forward-looking statements including, but not limited to, the following: a number of risks and uncertainties relating to the techno-economic viability of the proposed technology for producing
Magnesium metal, magnesium compounds and by-products, including the failure to satisfy all required conditions, including required regulatory approvals, any significant impairment of the carrying amount of certain of our assets; variations from our assumptions with respect to foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, and effective tax rates;

fluctuations in supply and demand in the magnesium-based products markets; changes in competitive pressures, including pricing pressures; adverse or uncertain economic conditions and changes in credit and financial markets; economic and political uncertainty around the world; changes in capital markets; inadequate insurance coverage for a significant liability; inability to obtain relevant permits for our operations; catastrophic events or malicious acts, including terrorism; certain complications that may arise in our manufacturing process; our ability to attract, develop, engage and retain skilled employees; rates of return on, and the risks associated with, our investments and capital expenditures; timing and impact of capital expenditures; the impact of further innovation; adverse developments in pending or future legal proceedings or government investigations; and violations of our governance and compliance policies.

As a result of these and other factors, there is no assurance that any of the events, circumstances or results anticipated by forward-looking statements included or incorporated by reference into this MD&A will occur or, if they do, of what impact they will have on our business, our performance, the results of our operations and our financial condition. Forward-looking statements are given only as at the date of this report and the company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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 the significant operating events during the period:

<u>Research and Development</u>

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. 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 (SiO2), which has potential 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 contains nickel, which has potential value for existing nickel recovery operations. Therefore, Mag One's MgO + SiO2 manufacturing is targeted to be essentially a near 'zero discharge' operation.

Mag One received $148,500 in February 2017 from Investissement 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 (high-purity magnesium oxide ("MgO") and SiO2) went towards the purchase of essential pilot equipment, onsite project management and operations, consumables and engineering costs. This pilot plant is essential in attempting to demonstrate to potential customers interested in offtake agreements who need to confirm the physical and chemical characteristics of these products prior to establishing pricing and supply agreements. In addition, results from the pilot plant will be used to engineer the commercial plant.

On March 22, 2017 Mag One issued a clarification disclosure in which past disclosures provided estimates of tonnes and grades with respect to its project. Mag One retracted past disclosures regarding estimates of tonnes and grade with respect to its project site in Quebec. Mag One however re-confirms that it is under contract to secure a significant quantity of serpentinite tailings produced by the former Mine Jeffrey operations at the Company's project site in Quebec. Prior statements regarding tonnes in its stockpile and concentrations or presence of mineralization were non-compliant and restricted. The information included contract representations by Mine Jeffrey Inc. as well as production reports from previous mining operations.

In June 2017 Mag One acquired the rights to process additional serpentinite tailings, located in Thetford Mines, QC, which is only 35 miles away from the Company's other serpentinite tailings stockpile, located adjacent to Mine Jeffrey. The Company also acquired the rights to the NI 43.101 Technical Report on Resources Estimation associated with these tailings which is being treated as an historical estimate. The report focused on the nickel content in the tailings of special interest are the following oxide contents of magnesia and silica along with nickel found in the serpentinite tailings: MgO 38% (23% Magnesium), SiO_2 39% (18% Silicon), Ni 0.23%

In July 2017 a press conference was held at the Mag One Pilot Plant Facility. The Canadian federal government and Quebec provincial government formally acknowledged their support for the Centre d'innovation Minière de la MRC des Sources' (CIMMS) projects by making a non-repayable $2,500,000 financial contribution to the CIMMS. Mag One was identified as the first client of CIMMS.

Subsequent to the end of the fiscal year, in October 2017 Mag One received positive feedback on its commercial high-purity magnesium oxide (MgO) and silica (SiO_2) project description submitted during the summer to the Quebec Ministry of the Environment ("MDDELCC"). Specifically, Mag One learned in this communication that the proposed project in Southeastern Quebec will not be subject to an environmental evaluation, a process which is often lengthy and costly. As such, the process to obtain a certificate of authorization (CA) for the environmentally-friendly commercial 30,000 tonnes/year (tpy) high-purity magnesia and 33,000 tpy silica plant will be simpler, faster and more cost-effective, given that less administrative measures are involved. Mag One is aware, however, that MDDELCC is reviewing specific legislation in 2018 which may impact their environmental evaluation decision.

In November 2017 Mag One produced a NI 43-101 Summary of Current and Scientific Technical Information. The report is entitled "Magnesium Bearing Waste Dumps Recycling Project". Mag One is committed to processing the Jeffrey Mine tailings to recover magnesium, silica and nickel. The Jeffrey Mine extracted more than 100M tonnes of chrysotile fiber from 1886 to 2012. Historical data further indicate that 188M tonnes of tailings were produced from the Jeffrey Mine and about 25% of that quantity has been made available under contract for Mag One's project. The available tailings, as a result of this historical production, are prepped in their present state and are not toxic. Using the available data, it is not possible to calculate a Mineral Resource nor a Mineral Reserve for this project. The two independent Authors, namely Jacques Marchand, a Quebec Ingénieur Géologue Conseil and Qualified Person per NI 43-101 and Christian Derosier a Professional Geologist, MSc, DSc and Qualified Person per NI 43-101, are however able to disclose a potential quantity and grade, expressed as ranges, of a target for further exploration. Specifically, the northern part of Mag One's Jeffrey tailings averages 38.5% +/-0.3% MgO (23.2% +/-0.3% Mg) and is considered representative of the 81,000 m^3 sampled in 2015. The volume of tailings that are therefore available to Mag One range from 0.08 to 18M cubic meters of chrysotile with a grade range of 26 to 41% MgO. Considering the compositional homogeneity of the tailings that were generated from the mine production rejects along with the historical tailings testing that was carried out by the Centre de Recherche Minerale (CRM), the independent Authors believe that the average compositional grades might be representative of the 3M m^3 of the shallower part of the tailings but caution that this is not a mineral resource estimate. The Authors confirm that the potential quantity and grade discussed above is conceptual as there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource. The basis for the determination of the potential volume is based on surveying done in 2015 and before. A resource/reserve calculation might be useful but in the Authors' opinion will not add material value to the project.

In January 2018, the Company received $256,467 as part of its contribution agreement with Investissement Québec ("IQ") as a non-refundable reimbursement for the Phase I Pilot Plant. Up until this date, the advances were treated as a liability, as the terms of the government grant call for an application to be filed which includes an independent auditor's opinion on the qualified expenditures eligible for 44.09% reimbursement.

On February 23, 2018, the Company received an additional $90,033 from IQ in connection with a reimbursement of eligible expenditures incurred on its Phase 1 Pilot Plant.

The Company completed its first formal application in December 2017 which was approved shortly thereafter, resulting in a total of $495,000 of reimbursed expenditures to date. Mag One completed the Phase I Pilot Plant in February 2018 and received the balance of funds on the non-refundable contribution agreement from IQ on February 23, 2018. The reimbursement was based on eligible and qualified expenses.

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 and evaluating the economics of the specific technological methods to be employed are amongst the current work in progress.

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 of 2017, 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. Subsequent to the year, in December 2017 the Company announced the appointment of Rod Burylo to the Board, replacing Charn Deol.

Financing Summary

- In January 2018, the Company received $256,467 in government funding from Investissement Quebec for a reimbursement of eligible expenditures incurred on its Phase 1 Pilot Plant.

- On February 23, 2018, the Company received the balance of payment of $90,033 from Investissement Quebec for reimbursement of eligible expenditures incurred on its Phase 1 Pilot Plant.

- On October 5, 2017, the Company issued 2,047,990 units at $0.20 per unit for gross proceeds of $409,598. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at $0.50 per share for two years following the issuance date.

- From October to December 2017, the Company issued 990,000 common shares upon exercise of stock options at $0.30 per share for gross proceeds of $297,000.

- In October 2017, the Company issued 100,000 common shares upon exercise of share purchase warrants at $0.50 for gross proceeds of $50,000.

- During the year ended September 30, 2017, the Company received $200,000 from a promissory note borrowing, net of repayments; $1,071,892 from issuance of shares; $409,598 in share subscriptions; $57,000 from exercise of warrants; $148,500 advance in government funding from Investissement Quebec; and $5,096 in bank indebtedness.

In total the Company raised $1.48M by way of private placements. The use of proceeds specifically from the private placements during the reporting period and subsequently in Q1 2018 are as follows:

Use of Proceeds	Amount
Phase 1 Pilot Plant	$569,000
R&D to support pilot plant and Mg metal, including work performed by NAMP	$348,000
NI 4311 Tailings Report	$46,000
MagBoard	$49,000
MagPower	$23,000
Loan Repayment	$250,000
Working Capital	$196,000
Total	**$1,481,000**

The Company originally intended to employ more funds towards MagBoard during this period as the goal was to secure a small facility and begin steps to purchase equipment for assembling MagBoard products locally in Quebec. Key experts from this industry were engaged as planned and advised Mag One that although the market potential was significant for MagBoard and that the benefits were clear, the construction industry in this region is highly conservative. As such the time required for architects and building contractors to consider using a new material would be significant. Mag One's management realigned its MagBoard strategy to be more conservative by focusing its efforts on understanding the market barriers and to securing advanced sales prior to procuring equipment and building a facility to roll out the product.

The funds from the Private Placements were re-deployed to further advance the pilot plant and R&D efforts. In addition to these efforts some of the funds intended for MagBoard were used to complete the NI-43101 compliant Technical Summary report, to better understand the MagPower commercial landscape, to repay a loan and for general working capital purposes.

Funds received by way of exercise of options and warrants, were deployed for general working capital needs, and funds received from government funding were used for the Company's Phase 1 Pilot Plant.

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. In addition the Company continues to apply for government grants and support to further the technology development efforts.

OUTLOOK

Business outlook

Mag One's goal is to be a global leader in the Magnesium industry with high-purity Mg compounds and Mg metal, using its technology, process and unique modular expansion method. The intent is for the initial module to generate sufficient revenues to be break-even or better and more importantly to demonstrate to potential offtake clients that the company is capable of producing on-spec product at a commercial scale. MagOne's strategy is to then add more processing modules as market demand increases and financing is arranged.

Mag One's projects are all located in the province of Quebec, near the Company's secured serpentinite tailings pile. These projects will include an assembly plant for Mg-based wall panels, a commercial plant for the production of high-purity MgO and other Mg compounds, byproducts and coproducts including SiO2, and possibly 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 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 operating 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. Mag One is proud to find a solution to transform what is considered an industrial waste into environmentally friendly products. The objective is to create a Magnesium Valley that will provide jobs and opportunities in southwest Quebec and at the same time provide a stable and secure Canadian source of Mg metal.

SELECTED ANNUAL INFORMATION

The following table includes selected annual information of the last three recent years:

	2017 $	2016 $	2015 $
Revenue	-	-	-
Loss from continued operations	(2,828,592)	(5,544,256)	(600,841)
Loss from continued operations per share, basic and diluted	(0.08)	(0.17)	(0.02)
Net income (loss)	(2,828,592)	(5,544,256)	306,790
Earnings (loss) per share, basic and diluted	(0.08)	(0.17)	0.01
Non-current liabilities	-	-	-
Total assets	452,335	504,196	440,377
Cash dividend	-	-	-

During the second half of fiscal 2015, the Company spun out all of the subsidiaries that were making investment in real estate and farming projects and changed its principal business into development and commercialization of technologies for the processing and production of magnesium (Mg) metal and Mg-related compounds and by-products. As a result, the amount of total assets reduced significantly in 2015. As the Company ramped up its activities related to Mg technology commercialization, it incurred higher losses in 2016 and 2017 compared to 2015. The Company expects to incur more expenditures in fiscal 2018 as it continues to develop its magnesium businesses.

SUMMARY OF QUARTERLY RESULTS

The Company does not expect to earn revenue in FY 2018 unless it is successful in finalizing joint venture agreements with a revenue generating Mg related business. The Company does intent to continue to secure financing through private placements and if successful by securing off take agreements for its Mg related products and by-products.

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

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
	$	$	$	$	$	$	$	$
Net loss from continued operations	(1,516,954)	(461,829)	(434,225)	(415,584)	(1,289,545)	(343,527)	(407,855)	(3,503,329)
Loss per share, basic and diluted	(0.04)	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.11)

The Company's operating expenses have been fairly consistent over the past eight quarters, except for Q1, 2016, Q4, 2016 and Q4, 2017 when the Company recognized share-based compensation of $3,267,200, $474,320 and $756,992, respectively.

RESULTS OF OPERATIONS

The Company's results of 2017 compared to the results of 2016 is as follows:

Year ended September 30,	2017	2016	2017 - 2016	Ref
	$	$		
Expenses				
Amortization	63,103	26,180	36,923	4
Office and administration	90,631	41,865	48,766	2
Promotion and investor communication	311,931	438,313	(126,382)	5
Research	708,570	530,833	177,737	3
Professional and consulting fees	612,739	584,875	27,864	6
Share-based compensation	756,992	3,741,520	(2,984,528)	1
Travel	40,085	74,580	(34,495)	5
Trust and filing fees	25,865	98,648	(72,783)	7
Total operating expenses	(2,609,916)	(5,536,814)	(2,926,898)	
Net loss	(2,828,592)	(5,544,256)	(2,715,664)	

1	*The Company granted 3,250,000 options during 2016 with a fair value of $3,741,520. All of the options granted vested immediately. The Company granted 4,000,000 options during 2017 with a fair value of $756,992.*
2	*The amounts increased as the Company was more active in the current period due to combined efforts from the Vancouver and Montreal offices.*
3	*Research increased relative to the comparative period as the Company was focused on the Phase 1 pilot plant activities. Significant expenses in the current period include $145,000 to CIMMS, a research*

	center in Quebec, for the purchase of equipment along with some testing services. Laboratory test work was carried out in parallel by the University of Sherbrooke, Biobois Analytique, KPM and others totaling approximately $130,000. Engineering Consultants (SNC, DST and others) supported this effort with costs of approximately $100,000. Research activities were also conducted in Tennessee through the Company's wholly owned subsidiary, NAMP which included $50,000 in lab scale equipment, $100,000 in laboratory technical staff costs and $70,000 related to engineering services. Additional Pilot plant equipment was also purchased directly by Mag One of approximately $70,000.
4	*Greater amortization in the current year as the property and equipment increased compared to 2016.*
5	*Less promotional and investor communications expenses and related travel due to current management and current consultants being able to manage the Company's current needs relative to the prior period.*
6	*Professional and consulting fees increased due to more activity in the current period, and include approximately $180,000 in management fees to the CEO and the President, $70,000 in consulting services related to research and technology development, $50,000 in legal and accounting fees, and approximately $35,000 for the preparation of a NI 43-101 technical summary report.*
7	*Trust and filing fees have decreased primarily due to some legal and professional fees being classified as trust and filing fees, and being classified in professional and consulting fees in the current period.*

Three months ended September 30, 2017 ("2017 Q4")

The Company's results of 2017 Q4 compared to the same three-month period in the last year is as follows:

Three months ended September 30,	**2017**	**2016**	**2017 - 2016**	**Ref**
	$	$		
Expenses				
Amortization	34,596	11,042	23,554	5
Office and administration	20,548	(274)	20,822	2
Promotion and investor communication	201,319	251,515	(50,196)	1
Research	35,183	207,137	(171,954)	3
Professional and consulting fees	264,104	267,290	(3,186)	4
Share-based compensation	756,992	474,320	282,672	7
Travel	10,179	17,568	(7,389)	1
Trust and filing fees	4,566	56,475	(51,909)	6
Total operating expenses	(1,327,487)	(1,285,073)	(42,414)	
Net loss	(1,516,954)	(1,289,512)	(227,442)	

1	*Less promotional and investor communications, and expenses and related travel due to current management and current consultants being able to manage the Company's current needs relative to the prior period.*
2	*The amounts increased as the Company was more active in the current quarter, relative to the comparative period, due to combined efforts from the Vancouver and Montreal offices.*
3	*Less research in the current quarter relative to the comparative period as some operational activity was occurring via the use of consultants, hence classified accordingly. Also, some funds were used toward*

	equipment purchases relative to the comparative quarter, hence a decrease.
4	*Professional and consulting fees remained relatively similar between 2017 Q4 and 2016 Q4.*
5	*Greater amortization in the current period as the property and equipment increased compared to prior year.*
6	*Trust and filing fees have decreased primarily due to some legal and professional fees being classified as trust and filing fees, and being classified in professional and consulting fees in the current period.*
7	*The Company granted 4,000,000 options during 2017 with a fair value of $756,992. Less options were granted in the comparative period.*

LIQUIDITY & CAPITAL RESOURCES

Financing of operations has been achieved primarily by equity and debt financing. On September 30, 2017, the Company had a working capital deficiency of $409,918. 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 the current year, the Company used $201,487 in advancing funds to MagBoard LLC in connection with its initial joint venture agreement and purchased $152,368 in additional equipment

The Company also received $1,892,086 from its financing activities ($200,000 from promissory note borrowing, net of repayments; $1,071,892 from issuance of shares; $409,598 share subscriptions received in advance; and $57,000 from exercise of warrants, $148,500 advance in government funding from Investissement Quebec and $5,096 in bank indebtedness).

TRANSACTIONS WITH RELATED PARTIES

Compensation paid to key management and directors

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

Year ended September 30,	**2017** $	**2016** $
Chairman of the Board (the "Chairman")	96,000	96,000
Company of the president and the Chief Executive Officer ("CEO") of a subsidiary	144,000	96,000
Directors	38,715	3,000
Family member of key management	35,200	-
Company of the Chairman	32,000	-
Former directors, chairperson, and CEO	-	102,000
	345,915	297,000

The following is the share-based compensation for the Company's related parties

Year ended September 30,	**2017** $	**2016** $
Chairman	170,323	973,997
Company of the President and the CEO of a subsidiary	37,850	307,578
Directors	75,699	410,105
Family member of key management	37,850	-
Company of the Chairman	132,473	512,630
Former directors, chairperson, and CEO	-	205,051
	454,195	2,409,361

Amounts due to related parties

	September 30, 2017 $	**September 30, 2016** $
Former CEO	-	6,000
Former director	-	6,300
Company of the President and the CEO of a subsidiary	42,076	-
	42,076	12,300

Notes payable to related parties

During the year ended September 30, 2016, the Company issued a promissory note of $50,000 payable to a company controlled by the former CEO (the "Promissory Note A"). This note was unsecured, due on demand, and bears interest at 5% per annum. As at September 30, 2017, the Company has a balance payable of $nil (2016 -$53,750) including principal and accrued interest.

During the year ended September 30, 2017, the Company issued a promissory note of $400,000 payable to the spouse of the Company's former CEO (the "Promissory Note B"). The note was secured by a corporate guarantee provided by the Company and a personal guarantee from a director of the Company, due on March 19, 2017 and bears interest of 10% per annum.

During the year ended September 30, 2017, the Promissory Notes A and B including principals and accrued interest were repaid in full as follows.

- A cash payment of $250,000;
- A cash payment of $150,000 paid by the Chairman on behalf of the Company during the year ended September 30, 2017.
- 100,000 common shares of the Company with the fair value of $21,500. The Company recorded a gain on settlement of the loans of $60,120.

Other transactions

During the year ended September 30, 2017, the Company issued 300,000 units of the Company to a family member of the Chairman at a price of $0.70 per unit for gross proceeds of $210,000.

During the year ended September 30, 2017, the Company issued 500,000 units of the Company to a company controlled by the Chairman at a price of $0.20 per unit for gross proceeds of $100,000.

During the year ended September 30, 2017, the Company repaid a balance of $30,700 payable to the Chairman with the issuance of 153,500 units of the Company. The fair value of the debt settlement was estimated at $64,623 and the Company recorded a loss on settlement of the debt of $33,923.

During the year ended September 30, 2017, the Company issued 446,500 units to the Chairman in error. These units will be returned to treasury for cancellation subsequent to September 30, 2017.

During the year ended September 30, 2017, the Company received proceeds of $200,586 for subscription of common shares of the Company from the Chairman. As of September 30, 2017, the Company has yet to issue these shares and the amount is recorded in subscriptions received in advance. On October 10, 2017 these units were issued.

During the year ended September 30, 2017, the Company received proceeds of $4,012 for a subscription of common shares of the Company at $0.20 per unit from a family member of the Chairman. As of September 30, 2017, the Company has yet to issue these shares and the amount is recorded in subscriptions received in advance. On October 10, 2017 these units were issued.

During the year ended September 30, 2017, the Company received proceeds of $25,000 for a subscription of common shares of the Company at $0.20 per unit from a family member of a director. As of September 30, 2017, the Company has yet to issue these shares and the amount is recorded in subscriptions received in advance. On October 10, 2017 these units were issued.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 44,147,283 common shares outstanding. See *Subsequent Events* section for details of shares issued subsequent to September 30, 2017.

The following warrants and stock options are also outstanding as of the date of this MD&A.

Warrants

Number	Exercise price	Expiry date
412,500	$1.10	August 26, 2020
550,000	$1.10	August 16, 2018
312,000	$1.40	March 9, 2018
4,769,060	$0.50	August 17, 2019
2,905,940	$0.50	October 5, 2019
8,949,500		

Options

Number	Exercise price	Expiry date
3,010,000	$0.30	September 24, 2019

SUBSEQUENT EVENTS

Subsequent to September 30, 2017 the following events occurred:

On October 5, 2017, the Company issued 600,000 units of the Company in full settlement of a note payable of $120,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at $0.50 per share for two years following the issuance date.

On October 5, 2017, the Company issued 125,000 units of the Company to a family member of a director in relation to the subscriptions received in advance.

On October 5, 2017, the Company issued 1,002,930 units to the Chairman in relation to subscriptions received in advance. Each share purchase warrant can be exercised into one common share at $0.50 per share for two years following the issuance date.

On October 5, 2017, the Company issued 20,060 units of the Company to a family member of the chairman in relation to the subscriptions received in advance. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at $0.50 per share for two years following the issuance date.

On October 5, 2017, the Company issued 257,950 units of the Company in error. Each unit consists of one common share and one share purchase warrant. Subsequent to issuance, these units will be returned to treasury of the Company for cancellation.

On October 5, 2017, an additional 900,000 units were issued to non-related parties in relation to the subscriptions received in advance.

On October 27, 2017, a company controlled by the CEO exercised 400,000 options with an exercise price of $0.30 for total proceeds of $120,000.

On October 27, 2017, the CEO of the Company exercised 100,000 warrants with an exercise price of $0.50 for total proceeds of $50,000.

On November 23, 2017, a company controlled by the CEO exercised 200,000 options with an exercise price of $0.30 for total proceeds of $60,000.

On November 23, 2017, a director of the Company exercised 80,000 options with an exercise price of $0.30 for total proceeds of $24,000.

On November 30, 2017, a company controlled by the CEO exercised 100,000 options with an exercise price of $0.30 for total proceeds of $30,000.

On November 30, 2017, the CEO of the Company exercised 40,000 options with an exercise price of $0.30 for total proceeds of $12,000.

On December 6, 2017, the CEO of the Company exercised 100,000 options with an exercise price of $0.30 for total proceeds of $30,000.

On December 21, 2017, the CEO of the Company exercised 70,000 options with an exercise price of $0.30 for total proceeds of $21,000.

On January 11, 2018, the Company received $256,467 from IQ in connection with a reimbursement of eligible expenditures incurred on its Phase 1 Pilot Plant.

On January 22, 2018, the Company extended its option to purchase up to 60,000,000 tonnes of Tailings from ACL by eight months, expiring July 19, 2018.

On February 23, 2018, the Company received an additional $90,033 from IQ in connection with a reimbursement of eligible expenditures incurred on its Phase 1 Pilot Plant.

On April 4, 2018, the CEO of the Company subscribed to 250,000 units at $0.20 per unit for total proceeds of $50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant can be exercised into one common share at $0.50 per share for one year following the issuance date. As of the date of these financial statements, these units have not been issued.

On April 4, 2018 the CEO of the Company entered into a loan agreement with the Company for working capital purposes in the amount of $50,000. The loan payable is unsecured, due on demand and non-interest bearing.

On April 13, 2018, the Company issued a convertible debenture in the amount $50,000. The convertible debenture bears interest at 6% per annum, with interest of $3,000 paid in advance and has a maturity date of March 31, 2021. The note is convertible into common shares of the Company after April 30, 2019 at the lower of $0.50 per share or the average 10-day trading price at time of notice.

On May 7, 2018, the Company issued a convertible debenture in the amount $100,000. The debenture bears interest at 8% per annum, with interest of $8,000 paid in advance and has a maturity date of March 31, 2021. The note is convertible into common shares of the Company after April 30, 2019 at the lower of $0.50 per share or the average 10-day trading price at time of notice.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting policies during the year ended September 30, 2017.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include expected life of equipment and property and the recoverability and measurement of deferred tax assets.

IFRS 9, *Financial Instruments* – The IASB intends to replace IAS 39, Financial Instruments: *Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 15, *Revenue from Contracts with Customers*. This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any significant impact from the adoption of IFRS 15.

IFRS 16, *Leases*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet evaluated the impact of this standard on the Company's consolidated financial statements.

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, 2017.

(a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	September 30, 2017 $	September 30, 2016 $
Financial assets:		
Loans and receivables:		
Cash	19,475	207,239
	19,475	207,239
Financial liabilities		
Bank indebtedness	5,096	-
Accounts payable	208,204	146,002
Due to related parties	42,076	12,300
Note payable to related parties	-	53,750
Note payable	120,000	50,000
	375,376	262,052

(b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's cash was measured at fair value using level 1 inputs as at September 30, 2017.

As at September 30, 2017, the fair values of bank indebtedness, accounts payable, due to related parties and notes payable approximate their carrying values due to the relatively short-term maturity of these instruments.

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 long-term 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 long-term 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

Mr. Nelson Skalbania, Chairman, CEO & Director
Ms. Gillian Holcroft, President & Director
Dr. James Blencoe, Chief Technology Officer & Director
Mr. Rod Burylo, Director