

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Mag One Products Inc. (the “**Company**” or “**Mag One**”)
#145-925 W. Georgia Street
Vancouver, BC V6C 3L2

Item 2 Date of Material Change

August 22, 2018

Item 3 News Release

A News Release dated August 22, 2018 was disseminated via Stockwatch and Market News and subsequently filed on SEDAR.

Item 4 Summary of Material Change

The Company announced that, as a result of a review by the British Columbia Securities Commission, the Company has issued a press release to clarify its disclosure.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company announced that, as a result of a review by the British Columbia Securities Commission, the Company has issued a press release to clarify its disclosure.

Updated Financial Statements

On August 17, 2018 the Company filed on www.sedar.com the following amended, restated and updated financial statements and related management’s discussion and analysis, with related and amended certifications, for the following periods:

- amended and restated financial statements (the “**Amended and Restated Audited Financial Statements**”) and management’s discussion and analysis for its most recent year ended September 30, 2017;
- amended and restated financial statements and management’s discussion and analysis for its first quarter ended December 31, 2017; and
- financial statements and management’s discussion and analysis for its second quarter ended March 31, 2018;

(collectively, the “**Updated Financial Statements**”). As indicated in the Company’s amended MD&A for its Amended and Restated Audited Financial Statements:

“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.”.

As indicated in what is now note 18 of the Company’s Audited and Restated Audited Financial Statements; which have now been provided for in the Company’s Updated Financial Statements:

“The consolidated financial statements of the Company as at September 30, 2017 and for the year then ended have been restated to correct material errors and omissions in its prior filing. The Company discovered the deficiencies in the accounting information subsequent to the filing and issuance of the financial statements and now wishes to rectify the situation by restating the financial statements for the year ended September 30, 2017 using the updated and complete information currently available.

The effects of the restatement are as follows:

Statement of Financial Position

	September 30, 2017 (Original) \$	Adjustments \$	September 30, 2017 (Restated) \$
Assets			
Current Assets			
Cash	19,475	-	19,475
Sales tax receivable	100,747	-	100,747
Due from related parties	56,000	(56,000)	-
	176,222	(56,000)	120,222
Plant and equipment	301,863	-	301,863
Intangible assets	30,250	-	30,250
	508,335	(56,000)	452,335
Liabilities and shareholders’ equity			
Current liabilities			

Cheques in excess of funds available	5,096	-	5,096
Accounts payable and accrued liabilities	334,468	(120,000)	214,468
Advance from Investissement Québec	148,500	-	148,500
Due to related parties	206,826	(164,750)	42,076
Note payable to related party	100,000	(100,000)	-
Note payable	-	120,000	120,000
	794,890	(264,750)	530,140
Shareholders' Equity			
Share capital	6,807,392	(73,950)	6,733,442
Reserves	8,194,265	18,873	8,212,838
Subscriptions received in advance	581,188	(171,590)	409,598
Subscriptions receivable	(291,527)	291,527	-
Deficit	(15,577,873)	144,190	(15,433,683)
	(286,555)	208,750	(77,805)
	508,335	(56,000)	452,335

Statement of Loss and Comprehensive Loss

	Year ended September 30, 2017 (Original)	Adjustments	Year ended September 30, 2017 (Restated)
	\$	\$	\$
Administrative expenses			
Amortization	63,103	-	63,103
Office and administration	210,694	(120,063)	90,631
Professional and consulting fees	717,589	(104,850)	612,739
Investor communication	311,931	-	311,931
Research	708,570	-	708,570
Share-based compensation	756,992	-	756,992

Travel	40,085	-	40,085
Trust and filing fees	25,865	-	25,865
	(2,834,829)	224,913	(2,609,916)
Other items			
Impairment on loan receivable	(208,839)	-	(208,839)
Interest income	7,342	10	7,352
Interest expenses	(46,576)	(12,860)	(59,436)
Gain on settlement of debts	110,120	(67,873)	42,247
Net loss for the year	(2,972,782)	144,190	(2,828,592)
Other comprehensive income			
Foreign currency translation adjustment	7,788	-	7,788
Comprehensive loss for the year	(2,964,994)	144,190	(2,820,804)

Statement of Cash Flows

	Year ended September 30, 2017 (Original) \$	Adjustments \$	Year ended September 30, 2017 (Restated) \$
Cash provided by (used in):			
Operating activities			
Net loss for the year	(2,972,782)	144,190	(2,828,592)
Adjustments for non-cash items			
Share-based compensation	756,992	-	756,992
Accrued interest on note payable	36,576	12,860	49,436
Accrued interest on loan receivable	(7,352)	-	(7,352)
Amortization	63,103	-	63,103
Loss / (Gain) on settlement of debt	130,120	(172,367)	(42,247)
Impairment of loan receivable	208,839	-	208,839
Consulting fees paid in shares	105,000	-	105,000
Changes in non-cash operating working capital:			
Prepayments	(24,217)	(1)	(24,218)
Accounts payable and accrued liabilities	(46,859)	107,975	61,116
Due to related parties	(36,000)	(37,680)	(73,680)
	(1,813,930)		(1,731,603)
Investing activities			
Additions to plant and equipment	(152,368)	-	(152,368)
Additions to intangible assets	(10,000)	-	(10,000)
Issuance of loan receivable	(194,136)	(7,351)	(201,487)
	(356,504)		(363,855)

Financing activities

Proceeds from issuance of promissory notes	280,000	170,000	450,000
Repayment of promissory notes	-	(250,000)	(250,000)
Share issuance for cash, net of share issuance costs	900,685	171,207	1,071,892
Subscriptions received in advance	581,188	(171,590)	409,598
Exercise of warrants	57,000	-	57,000
Advance from Investissement Québec	148,500	-	148,500
Bank indebtedness	5,096	-	5,096
	1,967,053		1,892,086
Effect of foreign currency on cash	15,609	(1)	15,608
Decrease in cash	(187,763)	(1)	(187,764)
Cash, beginning of year	207,239	-	207,239
Cash, end of year	19,476		19,475"

Management

The Board of Directors of the Company (the “**Board**”) has recently accepted the consent to act as a director and Chief Financial Officer of the Company from William Thomas (the “**Appointment**”). Mr. Thomas is a CPA with over four decades of international experience working with public companies involved in oil and gas, mining and pharmaceutical activities.

In conjunction with such Appointment, the Board has now also appointed the following Executive Officers of the Company:

Gillian Holcroft:	Chairperson, President, CEO and a director;
William Thomas:	Secretary, CFO and a director;
Nelson Skalbania	director; and
Rod Burylo	director.

Corporate Update

The Company advised that, since its last press release issued in May, its technical team in Quebec have continued to work diligently to advance Mag One’s high purity magnesium oxide (MgO), high value silica and magnesium (Mg) metal projects. Specifically, the Company has filed for a preliminary technology patent, has initiated work to quantify the performance of its high value silica and, after two rounds of qualifications, was invited to submit a proposal on August 8th for the Canadian Government’s Clean Growth Program (CGP) to support the Front-End Engineering Design for a 30,000 TPY MgO demonstration plant in Quebec. The Company expects to initiate this project in January 2019. In addition, the Company continues to work with Dr. Doug Zuliani, Founder of Tech Magnesium, to advance the technology for the aluminothermic reduction of MgO to produce Mg metal using Dr. Zuliani’s novel continuous furnace design.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

Contact: Gillian Holcroft, President and CEO
Telephone: (604) 669-4771

Item 9 Date of Report

August 22, 2018