MGX MINERALS INC.

Consolidated Financial Statements

For the Years Ended July 31, 2019 and 2018

(Expressed in Canadian dollars)

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
MGX Minerals Inc.

Opinion
I have audited the consolidated financial statements of MGX Minerals Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and July 31, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2019 and July 31, 2018, and its consolidated financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of consolidated the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern
I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $26,110,694 during the year ended July 31, 2019 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of $64,650,249 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I are required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements
My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I are required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
• Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Adam Kim, CPA, CA.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Unit# 168 – 4300 North Fraser Way
Burnaby, BC, Canada V5J 5J8
December 19, 2019

MGX Minerals Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	July 31, 2019	July 31, 2018
		$	$
Assets			
Current Assets			
Cash		158,531	6,613,350
Prepaid	**5**	132,051	1,067,081
GST receivables		923,859	565,817
Marketable securities	**6**	40,000	624,440
		1,254,441	8,870,688
Non-Current Assets			
Equipment	**9**	3,391,206	3,112,458
Intangible assets	**10**	10,709,117	10,709,117
Investment in Zinc8	**11**	3,063,778	-
Intellectual property	**11**	-	4,950,134
Loan receivable	**8**	4,927,976	-
Mineral properties	**7**	3,240,660	10,276,950
Reclamation bond		147,125	136,125
		25,479,862	29,184,784
Total Assets		26,734,303	38,055,472
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		6,333,216	2,150,299
Flow-through premium liability		-	272,160
Short-term loan payable	**12**	572,725	703,348
Due to related parties	**15**	237,917	68,354
		7,143,858	3,194,161
Deferred income tax liability		-	71,626
Long-term loan payable	**13**	27,322	53,044
Total liabilities		7,171,180	3,318,831
Shareholders' Equity			
Share capital	**14**	63,127,330	57,660,920
Reserve	**14**	18,077,435	15,320,242
Deficit		(64,650,249)	(43,140,525)
Equity attributable to shareholders		16,554,516	29,840,637
Non-controlling interest	**17**	3,008,607	4,896,004
Total equity		19,563,123	34,736,641
Total Liabilities and Shareholders' Equity		26,734,303	38,055,472

Nature of operations and going concern (Note 1)
Contingencies (Note 21) and Subsequent events (Note 23)

Approved by the Board of Directors on December 19, 2019:

"Jared Lazerson"	*"Andris Kikuaka"*
Jared Lazerson, Director	Andris Kikuaka, Director

MGX Minerals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended July 31, 2019 and 2018
(Expressed in Canadian dollars)

	Notes	2019	2018
		$	$
Exploration expenses	**6,Sch1**	4,998,675	4,093,180
Administrative Expenses			
Advertising and promotion		3,485,715	9,687,770
Consulting fees		2,102,648	1,893,917
Depreciation	**7**	38,429	4,112
Office and administrative		1,789,678	1,186,112
Interest and bank charges		144,538	10,642
Management fees	**14**	271,000	3,989,771
Professional fees		788,166	697,841
Research and development		5,600,171	-
Salaries		561,289	8,656
Share-based compensation	**14**	1,740,720	3,775,057
Transfer agent and filing fees		106,631	122,178
Travel and entertainment		384,261	352,842
		17,013,246	21,728,897
Loss before other (expenses) income		(22,011,921)	(25,822,077)
Other (expenses) income			
Interest		56,663	-
Grant revenue		3,023,408	-
Gain on acquisition	**10**	2,612,500	1,229,027
Write-off of mineral property	**7**	(8,931,374)	(275,470)
Flow-through penalty		(1,335,617)	-
Unrealized loss on marketable securities	**6**	(584,440)	424,440
(Loss)/gain on equity investments	**11**	(150,757)	106,665
Debt settlement (loss) gain		-	(18,687)
Foreign exchange loss		(42,049)	(66,758)
		(5,351,666)	1,399,217
Loss and comprehensive loss before taxes		(27,363,587)	(24,422,860)
Income tax recovery	**18**	827,611	276,345
Loss from continued operations for the year		(26,535,976)	(24,146,515)
Income (loss) from discontinued operations for the year	**11**	425,282	(1,231,758)
Loss and comprehensive loss for the year		**(26,110,694)**	**(25,378,273)**
Loss and comprehensive loss for the year attributable to:			
Shareholders of the Company		(24,775,130)	(25,378,273)
Non-controlling interest		(1,335,564)	-
Loss per share, basic and diluted		(0.19)	(0.27)
Weighted average number of shares outstanding		134,836,671	94,156,931

The accompanying notes are an integral part of these consolidated financial statements

MGX Minerals Inc.
Consolidated Statements of Changes in Equity
For the Years Ended July 31, 2019 and 2018
(Expressed in Canadian dollars)

	Common Shares	Share Capital	Reserve*	Subscription received	Deficit	NCI	Total
	#	$	$	$	$	$	$
Balance, July 31, 2017	**68,617,018**	**14,310,995**	**8,822,638**	**4,994,343**	**(17,762,252)**	**-**	**10,365,724**
Shares issued pursuant to:							
Private Placement	34,336,670	33,474,040	-	(4,994,343)	-	-	28,479,697
Warrant exercise	8,418,662	2,546,176	(448,250)	-	-	-	2,097,926
Option exercise	2,426,000	1,834,525	(714,025)	-	-	-	1,120,500
Debt settlement	106,678	106,610	-	-	-	-	106,610
Acquisition of mineral property	3,283,334	3,600,501	-	-	-	-	3,600,501
Consulting fee	300,331	355,252	-	-	-	-	355,252
Acquisition of floatation plant	100,000	105,000	-	-	-	-	105,000
Acquisition of ZincNyx	4,784,258	4,784,258	-	-	-	-	4,784,258
Restricted Share Unit exercise	1,700,000	1,769,700	(1,769,700)	-	-	-	-
Cash share issuance costs	-	(3,210,882)	-	-	-	-	(3,210,882)
Warrant valuation	-	(2,015,255)	2,015,255	-	-	-	-
RSU vesting	-	-	3,639,270	-	-	-	3,639,270
Share-based payments	-	-	3,775,054	-	-	-	3,775,054
Acquisition of PurLucid	-	-	-	-	-	4,896,004	4,896,004
Loss and comprehensive loss for the year	-	-	-	-	(25,378,273)	-	(25,378,273)
Balance, July 31, 2018	**124,072,951**	**57,660,920**	**15,320,242**	**-**	**(43,140,525)**	**4,896,004**	**34,736,641**
Shares issued pursuant to:							
Private placement	10,670,818	5,789,975	1,016,473	-	-	-	6,806,448
Finders shares	419,833	-	-	-	-	-	-
Issue costs	-	(560,765)	-	-	-	-	(560,765)
Flow-through premium	-	(403,958)	-	-	-	-	(403,958)
Mineral property acquisition	1,676,274	1,028,457	-	-	-	-	1,028,457
Consulting fees	943,806	447,103	-	-	-	-	447,103
Floatation plant	100,000	72,000	-	-	-	-	72,000
Warrant exercises	866,717	178,093	-	-	-	-	178,093
PurLucid acquisition	1,199,198	803,463	-	-	(251,630)	(551,833)	-
Debt settlement	436,363	124,363	-	-	-	-	124,363
Spin out of Zinc8 Energy Solutions	-	(2,012,322)	-	-	3,517,036	-	1,504,714
Share-based payments	-	-	1,740,720	-	-	-	1,740,720
Loss for the year	-	-	-	-	(24,775,130)	(1,335,564)	(26,110,694)
Balance, July 31, 2019	**140,385,960**	**63,127,330**	**18,077,435**	**-**	**(64,650,249)**	**3,008,607**	**19,563,123**

*Reserve consists of fair values of stock options and a finder's warrants

The accompanying notes are an integral part of these consolidated financial statements

MGX Minerals Inc.
Consolidated Statements of Cash Flows
For the Years Ended July 31, 2019 and 2018
(Expressed in Canadian dollars)

	2019	2018
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the year	(26,535,976)	(24,146,515)
Items not affecting cash:		
Amortization	38,429	4,111
Accrued interest	13,337	-
Deferred tax recovery	(827,611)	-
Loss (gain) on debt settlement	-	18,687
Shares issued in lieu of consulting fees	447,103	287,161
Share-based compensation	1,740,720	3,775,054
RSU vesting	-	3,639,271
Unrealized loss on marketable securities	584,440	(424,440)
Gain on investment in PurLucid	-	(1,229,027)
Loss (gain) on equity investment	150,757	(106,665)
Write-down of mineral property	8,931,374	275,470
Changes in non-cash working capital items:		
Prepaid expense	954,627	(323,840)
GST receivable	(260,189)	(448,589)
Accounts payable and accrued liabilities	4,079,166	216,020
Due to related parties	140,033	(56,409)
Cash used in continuing operations	(10,543,788)	(18,519,711)
Cash used in discontinued operations	(1,952,929)	(1,210,777)
Net cash used in operating activities	(12,496,717)	(19,730,488)
Investing activities		
Acquisition of Zinc8 Energy Solutions	-	(188,255)
Investment in PurLucid	-	(2,505,425)
Spinout of Zinc8 Energy Solutions	1,043,657	-
Sales of Zinc8 Energy Solutions shares	43,680	
Reclamation deposit	(11,000)	(106,125)
Purchase of marketable securities	-	(200,000)
Purchase of equipment	(360,877)	(751,795)
Property acquisition costs	(866,626)	(2,101,734)
Cash used in continuing operations	(151,167)	(5,853,334)
Cash used in discontinued operations	(181,879)	(43,700)
Net cash used in investing activities	(333,045)	(5,897,034)
Financing activities		
Proceeds from private placements	6,806,449	29,028,204
Share issue costs	(560,765)	(2,903,206)
Proceeds from the exercise of options	-	1,120,500
Repayments from Zinc8 Energy Solutions	200,000	-
Proceeds from exercise of warrants	178,093	2,097,926
Loan repayments	(248,834)	-
Cash provided by continuing operations	6,373,943	29,343,424
Cash provided by discontinued operations	-	-
Net cash provided by financing activities	6,374,943	29,343,424
Change in cash for the year	(6,454,819)	3,715,902
Cash, beginning of year	6,613,350	2,897,448
Cash, end of year	158,531	6,613,350

1. NATURE OF OPERATION AND CONTINUANCE OF BUSINESS

MGX Minerals Inc. ("MGX" or the "Company") was incorporated on April 27, 2012 in Canada under the legislation of the Province of British Columbia. MGX's head office is located at Suite 303 – 1080 Howe Street, Vancouver, BC, V6Z 2T1, Canada. On July 4, 2014, the Company completed a reverse takeover transaction and the Company's common shares are currently listed on the Canadian Stock Exchange ("CSE") under the symbol XMG.

MGX is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at July 31, 2019, the Company has not generated any revenues from operations and has an accumulated deficit of $64,650,249 (July 31, 2018 - $43,140,525). The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance
These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Functional and Presentation Currency
These consolidated financial statements have been prepared on the historical cost basis, except for certain consolidated financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its consolidated financial statements. These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's presentation and functional currency.

3. ACCOUNTING STANDARDS

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Manto Gold Corp and Petrolithium Corporation of America. The Company owned a 60.13% interest in PurLucid Treatment Solutions (Canada) Inc. as at July 31, 2019 (July 31, 2018 – 55.13%. During the year ended July 31, 2019 the Company lost control of Zinc8 Energy Solutions Inc. ("Zinc8") (formerly MGX Renewables Inc.) and the results of Zinc8 are disclosed as discontinued operations. All significant inter-company balances and transactions have been eliminated.

Investment in Associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity, but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decision affecting the entity.

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried in the statement of financial position at cost adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment losses. Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate. Unrealized profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

Mineral properties

The Company charges all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves to operations. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company may occasionally enter into option-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would otherwise be undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted as a gain on disposal.

Provision for decommissioning and restoration

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at July 31, 201, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Impairment

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument’s original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in the income statement.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

Loss per share

Basic earnings or loss per share is computed by dividing the earnings or loss for the period by the weighted average number of common shares outstanding during the relevant period. The treasury stock method is used for the calculation of diluted earnings or loss per share. Stock options, share purchase warrants, and other equity instruments are dilutive when the average market price of the common shares during the period exceeds the exercise price of the options, warrants and other equity instruments. When a loss has been incurred, basic and diluted loss per share is the same because the exercise of options and warrants would be anti-dilutive.

Comprehensive Income

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources, and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

Share-based payments

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Non-controlling interest

Non-controlling interest is measured at its proportionate share of the acquiree's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss, for the period, are allocated between non-controlling interest and owners of the parent. Non-controlling interest in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Changes in a Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Flow-through

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of the flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the subscribers at an agreed upon date.
The fair value of the tax benefit received by the subscriber is recorded as a liability which is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense.

Equipment
Property and Equipment are stated at historical cost less accumulated amortization. Amortization is calculated using the following rate on a declining balance basis.

Furnace	10 years	per annum
Computer	3-5 years or 45%	per annum
Furniture and Equipment	5 years or 20%	per annum
Software	1-2 years or 30%	per annum
Vehicle	30%	per annum
Lab equipment	5 years	per annum

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

Intangible assets are recorded as cost less accumulated amortization and any accumulated impairment losses. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful lives of intangible assets are assessed as either finite or infinite. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method as appropriate, and are treated as a change in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of operations.

Intangible asset with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the cash generating unit (”CGU”) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Changes in accounting standards
The following standard was adopted during the year ended July 31, 2019:

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on August 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company’s financial statements.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Recognition and Classification

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	**New classification IFRS 9**
Cash	Loans and receivables	Amortized cost
Marketable securities	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Loan payable	Amortized cost	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on August 1, 2018.

Measurement

Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

The following standard has been issued but is not yet effective:

IFRS 16 Leases
This standard replaces IAS 17 Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for the annual period beginning on August 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adoption this new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs.

Valuation of share-based payments
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

Site decommissioning obligations
The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

Business combination
On the acquisition of a subsidiary, the Company must determine whether the acquisition is a business combination by applying the definition in IFRS 3 Business Combinations. If the assets and liabilities assumed do not constitute a business the transaction would be accounted for as an asset acquisition. Management has determined that the acquisition of PurLucid constituted a business combination as

(Expressed in Canadian dollars)

PurLucid met the definition of a business. A business consists of inputs to which processes are applied resulting in outputs that provide a return to the Company and its shareholders.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition.

Income taxes
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

5. PREPAID

The Company's prepaids as at July 31, 2019 and July 31, 2018 are comprised of the following:

	July 31, 2019 $	July 31, 2018 $
Advertising and Promotion	23,956	520,228
Consulting Fees	8,333	163,548
Exploration expenses	68,803	272,767
Other	30,959	110,538
	132,051	**1,067,081**

6. MARKETABLE SECURITIES

During the year ended July 31, 2018, the Company acquired 4,000,000 units at $0.05 per unit, of Belmont Resources Inc. ("Belmont"), with each unit made up of one share and one common share purchase warrant, exercisable at $0.08/$0.09 per share until July 23, 2020. Shares of Belmont considered financial assets at fair value through profit or loss, and are measured at their quoted fair market value. The 4,000,000 warrants were fair valued using the Black-Scholes Option Pricing Model under the following assumptions average risk free interest rate – 2.00%-; expected life – 1.98 years-2 years; expected volatility – 98.76% – 102.00%; and expected dividends – nil.

During the year ended July 31, 2019 the Company revalued the warrants and shares at $40,000 and recorded a loss on fair value of marketable securities of $584,440 (2018 – Gain of $424,440).

7. MINERAL PROPERTIES

As at July 31, 2019 the Company had capitalized $3,240,660 (July 31, 2018 - $10,276,950) of mineral property acquisition costs. During the year ended July 31, 2019 the Company incurred exploration expenditures of $4,998,675 (2018 - $4,093,180). The Company also recorded a loss on write-down of mineral property assets of $8,931,374 (2018 - $275,470). The Company's mineral property assets as at July 31, 2019 and July 31, 2018 and the changes for the periods then ended, and exploration expenditures for the period ended July 31, 2019 is provided in Schedule 1.

Fran Claims & Adjacent Claims

The Company entered into an option agreement (the "Option Agreement") on May 24, 2013 and amended on June 30, 2013, to acquire a 100% undivided interest in the Fran Claims (the "Fran Property") located within the Omineca Mining District 60 kilometres north of Fort St. James, British Columbia.

(Expressed in Canadian dollars)

In order to acquire its 100% undivided interest in the Fran Property, the Company must pay Manto Resources Inc. (the "Optionor") a total of $40,000 in cash, issue 24,877,310 shares of the Company to the Optionor and incur up to $100,000 of exploration expenditures on the property.

	Cumulative Exploration Expenditures $	**Common Shares #**	**Cash Payments $**
Upon closing of the plan of arrangement	-	24,823,310 (issued)	-
On or before March 31, 2014	-	54,000 (issued)	-
On or before September 30, 2014	25,000 (incurred)	-	-
On or before September 30, 2017	50,000(incurred)	-	-
On or before September 30, 2018	75,000(incurred)	-	-
On or before September 30, 2019	100,000(incurred)	-	35,000
On or before September 30, 2020	-	-	5,000

Driftwood Claims

The Company entered into an option agreement on July 7, 2014 to acquire a 90% interest in the Driftwood Claims (the "Driftwood Property"). The Company has completed the requirements as per the agreement and owns a 90% interest in the Driftwood Property.

Longworth Silica Property

On July 21, 2015, the Company completed its acquisition of the Longworth Silica Property ("Longworth") pursuant to which the Company has acquired a 100% undivided interest in Longworth. As per the terms of the acquisition the Company issued 700,000 common shares to Zimtu Capital Corp ("Zimtu"), the shares were fair valued at $350,000.

Koot Silica Property

On March 2, 2015, the Company entered into an Acquisition Agreement with American Manganese Inc. ("AMY") to acquire 100% interest in 166 contiguous hectares located in the Golden mining district of southeastern British Columbia (the "Koot Claims"). Pursuant to the terms of the Acquisition Agreement, the Company issued 100,000 shares to AMY at the fair value of $14,000 and granted a 0.5% Net Smelter Royalty ("NSR") on any future production to AMY, during the year ended July 31, 2015. The Koot Claims are also subject to a 0.5% NSR attributable to Andris Kikauka, a director of the Company.

Wonah Mineral Claims

The Company entered into an option agreement on December 15, 2015 to acquire up to a 100% interest in the Wonah mineral claims (the "Wonah"). During the year ended July 31, 2018 the Company completed the requirements as per the Wonah agreement and owns 100% interest in Wonah.

Alberta Lithium

On January 28, 2016, the Company entered into an agreement (the "Alberta Lithium") to acquire a 100% undivided interest in 12 metallic and industrial mineral permits and permit applications in Alberta. As at July 31, 2019 the Company has completed its requirements per the Alberta Lithium Agreement and owns a 100% undivided interest in the claims.

Buck Lake Lithium

On April 7, 2016, the Company entered into an Option Agreement to acquire an undivided 100% interest in the Buck Lake Lithium claims (the “Buck Lake”). The Company has completed its requirements as per the Buck Lake Option Agreement and owns a 100% interest in the Buck Lake claims. Additionally, the Company granted a 2% net smelter royalty, of which 1% may be repurchased by the Company for a one-time cash payment of $1,000,000. On July 31, 2019 the Company wrote-off the Buck Lake project and recorded a loss of $893,332.

Sturgeon Lake

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

Lisbon Valley

On January 31, 2017 the Company entered into an agreement to acquire Lisbon Valley Petro Lithium Project (“Lisbon Valley”) in Utah. As per the agreement the Company made cash payments of $75,000 USD (CAD - $98,588), issued 200,000 common shares (fair valued at $296,000) and make all land management fees.

The Company made additional cash payments of $467,098 related to additional claims during the year ended July 31, 2018. On August 2, 2017, the Company issued an additional 100,000 common shares, fair valued at $96,000, to acquire additional Lisbon Valley Claims. During the year ended July 31, 2019 management made the decision to not continue with the Lisbon Valley project and recorded a write-down of mineral property of $1,804,845.

Blueberry Unit

On March 1, 2017 the Company signed an earn-in agreement to acquire 75% interest in leases covering 110,000 acres located contiguous to the Company’s Lisbon Valley project. As per the agreement the Company must complete the following:

- Cash payment of $50,000 USD (paid - $67,800)
- $500,000 USD on or before September 1, 2017 (paid - $648,450)
- $500,000 USD on or before March 1, 2018 (paid - $640,450)
- $500,000 USD on or before September 1, 2018 (paid – 726,496)
- $450,000 USD on or before March 1, 2019

The Company did not make the March 1, 2019 payment and as at July 31, 2019 made the decision to not continue with the Bluberry Unit project and recorded a write-down of mineral property of $2,890,374.

Power Metals

On September 18, 2017 the Company entered into an agreement with Power Metals Corp. (“Power Metals”) in exchange for common shares of the Company. The terms of the transaction are as follows:

- The Company can acquire all of Power Metal’s US Petrolithium Brine assets and a 20% working interest in Power Metal’s current hard rock assets and any future assets acquired by Power Metals for the following 36 months
- MGX can acquire an additional 15% working interest in Power Metals hard rock assets for a period of 36 months for a total of $10,000,000.
- MGX will receive a call option to purchase up to 10,000,000 common shares of Power Metals at a price of $0.65 per share for a period of 36 months. The options will be granted to MGX if the Company completes the required share issuances.

- MGX will issue Power Metals 3,000,000 common shares that will be restricted and subject to a release schedule of 1,000,000 shares every 5 months from the signing of a definitive agreement. As at July 31, 2019 the Company has issued 2,000,000 common shares fair valued at $1,950,000.

During the year ended July 31, 2019 the Company agreed to terminate the agreement and wrote-off $2,030,731 in acquisition costs related to the Power Metals agreement.

REN Mineral Claims

On August 2, 2017 the Company entered into an agreement to acquire a 90% interest in the REN Mineral Claims ("REN") located in the northern Monashee Mountains of Southeastern British Columbia. As per the terms of the agreement the Company can acquire a 90% interest by completing the following:

- Incur exploration and development expenses of $200,000 within two years (incurred)
- Cash payments of $33,333 over the next year.
- Issuance of 600,000 common shares of the Company over the next two years (200,000 issued on August 2, 2017 and fair valued at $192,000, 200,000 issued on August 10, 2018 and fair valued at $178,000)
- The Company can purchase the remaining 10% interest in the REN property for $200,000 cash at any time.

Gibraltar Claims

On May 17, 2018 the Company acquired the Gibraltar Silicon Claims ("Gibraltar Claims") located northeast of Cranbrook BC. As per the terms of the acquisition agreement the Company acquired a 100% interest in the Gibraltar Claims by issuing 100,000 common shares of the Company, issued on May 17, 2018 and fair valued at $101,000. 50,000 of the common shares were issued to a Director of the Company.

Salinitas Lithium Brine

On July 23, 2018 the Company entered into an option agreement to acquire an 80% interest in the Salinitas Lithium Brine mining tenements ("Salinitas") located in Argentina. As per the terms of the option agreement the Company can acquire 80% interest in Salinitas through the following:

- Cash payment of $250,000 USD (paid - $326,775);
- Cash payments totalling $2,950,000 USD in case the option is exercised by May 31, 2020;
- Incurring exploration expenditures of $1,200,000 USD by May 31, 2020.

At July 31, 2019 the Company wrote-off the Salinitas project and recorded a loss on write-off of mineral property assets of $326,775.

Kibby Basin

On July 12, 2018, the Company entered into an option agreement with Belmont Resources Inc. to acquire a 25% interest in the Kibby Basin Property ("Kibby") located in Nevada, the Company must incur exploration expense of $300,000 no later than October 2018 (incurred). There were no acquisition costs capitalized related to this property as at July 31, 2019. The Company earned a 25% interest in the Kibby during the year ended July 31, 2019.

Chilean Lithium Salars

On October 9, 2018 the Company entered into a definitive agreement to acquire a 50% interest in three prospective lithium exploration projects located in Chile, ("Chilean Lithium Projects"). As per the terms of the agreement the Company has agreed to make payments of $1.5m, with the first $100,000 payable in cash and the remainder payable in common shares. The Company has also agreed to incur exploration expenditures of $2,000,000 over the next 20 months. During the year ended July 31, 2019 the Company issued 1,476,274 common shares, the shares were fair valued at $850,457.

(Expressed in Canadian dollars)

At July 31, 2019 the Company wrote-off the Chilean Lithium Project and recorded a loss on write-off of mineral property assets of $984,318.

8. LOAN RECEIVABLE

On June 30, 2018 the Company entered into a loan agreement (the "Loan Agreement") with Zinc8 Energy Solutions Inc., which was at the time a wholly-owned subsidiary of the Company. As at June 30, 2018 the Company had advanced $2,952,222 to Zinc8, these amounts were due on demand and non-interest bearing. The Loan Agreement replaced the existing advances payable with a long-term loan receivable bearing interest at 12% per annum, and due on December 31, 2020. Additional advances by the Company are under the same terms as the Loan Agreement. The loan receivable was previously eliminated on consolidation.

The balance of the loan at July 31, 2019 is as follows:

	$
Balance, July 31, 2018	**-**
Addition on Spinout of Zinc8	5,048,825
Repayments	(200,000)
Advances	23,112
Interest	56,040
Balance, July 31, 2019	**4,927,977**

9. EQUIPMENT

	Furnace $	Equipment $	Software $	Vehicles $	Total $
Cost:					
Balance, July 31, 2018	**11,426**	**76,489**	**23,823**	**59,774**	**171,512**
Additions	-	537,590	5,166	-	542,756
Spin out of Zinc8	-	(207,064)	(20,309)	-	(227,373)
Balance, July 31, 2019	**11,426**	**407,015**	**8,679**	**59,774**	**486,894**
Accumulated Depreciation:					
Balance, July 31, 2018	**3,880**	**1,138**	**4,036**	**-**	**9,054**
Amortization	1,143	44,775	11,660	11,956	69,533
Spin out of Zinc8	-	(23,761)	(9,138)	-	(32,899)
Balance, July 31, 2019	**5,023**	**22,152**	**6,558**	**11,956**	**45,688**
Net Book Value:					
July 31, 2018	**7,546**	**75,351**	**19,787**	**59,774**	**162,458**
July 31, 2019	**6,403**	**384,864**	**2,121**	**47,818**	**441,206**

During the year ended July 31, 2018 the Company acquired a water treatment unit for $750,000 that as of July 31, 2019 was not ready for use.

The Company also acquired additional equipment through PurLucid valued at $2,200,000 that is currently under development and not in use at July 31, 2019.

(Expressed in Canadian dollars)

10. INVESTMENT IN PURLUCID

On November 8, 2016, the Company entered into a definitive agreement (the "Agreement") to acquire up to 100% of PurLucid Treatment Solutions (Canada) Inc. ("PurLucid"). PurLucid is a water and wastewater treatment service company that would work with MGX to further develop the Company's lithium assets.

As per the terms of the Agreement the Company would acquire a 50% interest through the following phases of investment:

- Phase 1 - $50,000 initial payment (paid)
- Phase 2 - $50,000 integration payment to be applied to Phase 3 expenses (paid)

On May 2, 2017 the Company and PurLucid amended the Agreement as follows:

- Phase 3 - cash payments of $950,000 resulting in the Company acquiring 26.62% of the outstanding shares of PurLucid. The completion date of Phase 3 was May 19, 2017, with the total investment in PurLucid at that time being $1,000,000. The Company also exercised an option to acquire an additional 7.5% of the outstanding shares of PurLucid in exchange for 1,500,000 common shares of MGX. The common shares were issued on May 30, 2017 and fair valued at $1,605,000.
- Phase 4 – cash payments of between $500,000 and $1,467,500 by the completion date of December 31, 2017. Upon completion of Phase 4 the Company would increase its total interest in PurLucid to 46.16%. The Company made cash payment of $1,467,500 in December, 2017.
- Phase 5 – cash payments between $1,000,000 and $2,612,500 by the completion date July 31, 2018. On July 31, 2018 the Company made cash payments of $2,612,500 to increase its ownership of PurLucid to 55.13%.

Upon completion of Phase 5, the Company would have a 10-year option period to acquire the remaining outstanding shares of PurLucid.

On July 31, 2018, the Company increased its ownership of PurLucid to 55.13% and thus acquired control, the acquisition of control was accounted for as a business combination achieved in stages. On acquiring control on July 31, 2018, the Company revalued its previously held 46.16% interest at fair value and recognized a gain on step acquisition. The determination of the gain was as follows:

	$
Fair value of 100% at July 31, 2018	12,125,005
Fair value of 46% carrying interest at July 31, 2018	5,345,907
Less carrying value of 46% prior to control	(4,116,880)
Gain on step acquisition	1,229,027

The consideration paid to acquire control was determined to be the fair value of the carrying interest in PurLucid at July 31, 2018 of $5,345,907 and the additional cash consideration of $2,612,500 paid on July 31, 2018. The consideration was allocated to the fair value of the net assets of PurLucid at July 31, 2018. The non-controlling interest was determined as the proportionate share of the fair value of 100% of PurLucid, less a 10% minority discount.

(Expressed in Canadian dollars)

The allocation of the purchase price is as follows:

Purchase Price Allocation	**$**
Current assets	3,580,389
Property, plant and equipment	2,308,381
Current liabilities	(1,006,307)
Loan	(53,044)
Intangible assets*	10,709,117
Bargain purchase	(2,612,500)
Deferred tax liabilities	(71,626)
	12,854,411
Consideration	
Cash	2,612,500
Fair value of carrying interest	5,345,907
Non-controlling interest	4,896,004
	12,854,411

*Intangible assets consist of customer agreements and the water treatment platform.

On November 15, 2018, the Company issued 1,199,198 commons shares, fair valued at $803,463 to acquire an additional 5% of PurLucid, increasing the Company's total ownership to 60.13%.

11. ZINC8 ENERGY SOLUTIONS ("Zinc8")

On December 19, 2017 the Company announced it had entered into a definitive agreement to acquire Zinc8 Energy Solutions. Pursuant to the definitive agreement the Company made a one-time cash payment of $250,000 and issued 4,784,258 common shares fair valued at $4,784,258. Zinc8 is a development stage company specializing in the development of zinc air batteries and modular energy storage systems.

The transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase intellectual property. The consideration for the acquisition has been allocated at fair value of the assets and liabilities assumed, based on management's best estimate and taking into account all available information at the time.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

Purchase Price	**$**
4,784,258 common shares of the Company at $1.00	4,784,285
Cash	250,000
	5,034,258

Net assets acquired	**$**
Cash	61,745
Prepaids	22,379
Intellectual property	4,950,134
	5,034,258

During the year ended July 31, 2019 the Company entered into an arrangement agreement ("Spin-out"), with its wholly owned subsidiary Zinc8 whereby MGX would complete a spin out of 40% of the common shares of Zinc8 pursuant to a plan of arrangement under the Business Corporations Act (British Columbia). Under the terms of the Spin-Out, the Company's shareholders of record on June 29, 2018 would receive one Zinc8 share for each 12.4163 MGX shares then held, and MGX shareholders of record on October 22, 2018 would receive one Zinc8 share for each 59.8186 MGX shares then held as a return of capital.

(Expressed in Canadian dollars)

On June 26, 2019 the Spin-out was completed whereby MGX distributed 11,991,761 common shares of Zinc8 as a return of capital reducing its interest in Zinc8 from 100% to 46.4%.

As at June 26, 2019 the value of the Company's investment in Zinc8 was as follows:

	$
Value of Investment	5,034,258
Retained by MGX	3,021,937
Return of capital to shareholders	2,012,321
	5,034,258

The Company fair valued its investment in Zinc8 using a fair market price of $0.20 to $3,678,215 and recorded a gain on disposal of $3,213,237 on June 26, 2019.

Upon completion of the Spinout MGX settled $420,000 of debt in exchange for 3,111,110 shares of Zinc8, the shares were fair valued at $420,000 so no gain on debt settlement was recorded. The Company also sold 300,000 shares for proceeds of $43,680. As at July 31, 2019 the Company held 14,597,129 shares of Zinc8 representing 37.63% of all outstanding shares of Zinc8.

The balance of the Company's investment in Zinc8 is as follows:

	$
Balance, as at June 26, 2019	3,021,937
Adjustment on fair value of investment on June 26, 2019	656,278
Shares used to settle debt	(420,000)
Sale of shares for proceeds	(43,680)
Loss on equity investment	(150,757)
Balance, as at July 31, 2019	**3,063,778**

Prior to disposition the Company consolidated the results of Zinc8, upon completion of the Spinout the Company re-classified expenses associated with Zinc8 to gain (loss) on discontinued operations.

	Year ended, July 31, 2019 $	**Year ended July 31, 2018 $**
Expenses		
Advertising and promotion	297,908	56,815
Consulting fees	78,500	53,555
Depreciation	31,106	1,794
Office and administrative	303,636	177,786
Professional fees	122,048	81,847
Research and development	1,725,146	701,618
Salaries	229,611	158,343
	(2,787,955)	(1,231,758)
Gain on loss of control over Zinc8	3,213,237	-
Income (loss) from discontinued operations	**425,282**	**(1,231,758)**

As at June 26,2019 the Company deconsolidated the results of Zinc8 and accounts for its investment in Zinc8 as an equity investment. For the period from June 27, 2019 to July 31, 2019 Zinc8 incurred a loss of $338,526 of which MGX recorded a loss on equity investment of $150,757. Zinc8's results from the date of disposition were as follows:

(Expressed in Canadian dollars)

	From date of disposition $
Revenue	-
Expense	(338,526)
Net loss	**(338,526)**

12. SHORT-TERM LOAN PAYABLE

As at July 31, 2019, the Company had loans payable of $572,725 (July 31, 2018 - $703,348l) through PurLucid, all of which are due on demand with interest of 0% to 14% per annum. During the year ended July 31, 2019, the Company accrued interest of $69,377 (2018 - $Nil) and repaid $200,000 of the loans.

13. LONG-TERM LOAN PAYABLE

During the year ended July 31, 2018, PurLucid purchased a vehicle through a loan for $59,966. The loan matures on March 8, 2021, is interest free with principal repayments of $769 due bi-weekly. The current portion is immaterial to be reclassified as current liability on a consolidated statement of financial position as at July 31, 2019. During the year ended July 31, 2019 the Company repaid $25,722 of the loan.

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Financings

Financings during the year ended July 31, 2019 are as follows:

- On August 10, 2018 the Company issued 200,000 common shares pursuant to mineral property acquisitions, the shares were fair valued at $178,000 (Note 8).
- On August 22, 2018 the Company issued 89,407 common shares in lieu of consulting fees, the shares were fair valued at $64,373.
- On August 22, 2018 the Company issued 100,000 common shares for the floatation plant rental (Note 8), the shares were fair valued at $72,000.
- On October 4, 2018 the Company issued 100,000 common shares in lieu of consulting fees, the shares were fair valued at $53,000.
- On October 12, 2018 the Company issued 200,000 common shares in lieu of consulting fees, the shares were fair valued at $110,000.
- The Company issued 1,199,198 common shares to increase its ownership in PurLucid by 5%.
- The Company issued 1,476,274 common shares pursuant to a mineral property acquisition, the shares were fair valued at $850,457.
- The Company completed a non-brokered private placement issuing 2,591,667 non-flow-through units (“NFT Units”) at $0.60 per NFT Unit. Each NFT Unit consists of one common share of the Company and one common share purchase warrant that entitles the holder to acquire one additional common share for a period of 36 months from the date of closing at an exercise price of $0.67 The Company also issued 8,079,151 flow-through units (“FT Units”) at $0.65 per FT Unit. Total gross proceeds of the private placement were $6,806,448. Each FT Unit consists of one flow-through common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the

(Expressed in Canadian dollars)

Company for a period of 36 months from the date of closing at an exercise price of $0.70. The Company recorded a flow-through premium of $403,958. The Company allocated a value of $884,230 to the warrants using the residual method.

In connection with the financings the Company issued 419,833 finders shares and 419,833 finders warrants. The finder's warrants were fair valued using the Black-Scholes option pricing model using the following inputs: expected life – 3 years; risk-free rate – 2.20%; expected forfeiture – nil; dividend yield – nil; volatility – 118%. The Company also incurred cash financing costs of $560,765.

- On November 27, 2018, the Company issued 15,645 common shares, fair valued at $7,666 in lieu of consulting fees
- On February 20, 2019 the Company issued 543,754 common shares fair valued at $212,064 in lie of consulting fees
- On April 18, 2019 the Company issued 436,363 common shares, fair valued at $124,363, to settle debt of $124,363.

c) Share purchase options

The balance of share purchase options outstanding and exercisable as at July 31, 2019 and July 31, 2018 and the changes for the periods then ended is as follows:

	Number of Options #	Weighted Average Exercise Price $	Weighted Average Life Remaining (years)
Balance, July 31, 2017	**7,085,000**	**0.81**	**1.59**
Granted	5,000,000	0.90	
Exercised	(2,426,000)	0.46	
Expired	(300,000)	0.38	
Balance, July 31, 2018	**9,359,000**	**0.97**	**1.81**
Expired	(3,059,000)	1.02	
Granted	6,325,000	0.53	
Balance, July 31, 2019	**12,625,000**	**0.74**	**0.74**

The Company recorded share-based compensation expense of $1,740,720 during the year ended July 31, 2019 (2018 - $1,053,461) as the Company granted 6,325,000 stock options, vesting immediately, to consultants, directors and officers of the Company. The Company fair valued the options granted during the period using the Black-Scholes option pricing model based on the following assumptions:

	2019	2018
Risk-free rate	2.30%	0.89%-0.96%
Expected life of options (years)	2-3	2 – 3
Annualized Volatility	115%	117%-125%
Dividend rate	Nil	Nil
Forfeiture rate	Nil	Nil

(Expressed in Canadian dollars)

As at July 31, 2019, the following share purchase options were outstanding and exercisable:

Expiry Date	Exercise price $	Remaining life (years)	Options outstanding
November 2, 2019	0.96	1.01	200,000
March 3, 2020	1.25	1.34	200,000
June 12, 2020	1.06	1.62	1,300,000
August 1, 2020	0.95	1.75	500,000
March 5, 2021	0.39	1.85	3,825,000
April 30, 2021	0.89	2.50	4,100,000
August 31, 2021	0.80	2.84	1,000,000
October 23, 2021	0.72	2.98	1,500,000
			12,625,000

Subsequent to July 31, 2019, 200,000 options with an exercise price of $0.96 expired unexercised.

d) Warrants

The balance of warrants outstanding and exercisable as at July 31, 2019 and July 31, 2018 and the changes for the periods then ended are as follows:

	Number of Warrants	Weighted average exercise price $
Balance, July 31, 2017	**10,343,250**	**0.35**
Exercised	30,021,080	1.16
Issued	(8,418,662)	0.25
Balance, July 31, 2018	**31,945,668**	**1.14**
Expired	(9,130,373)	1.14
Exercised	(866,717)	0.21
Issued	7,051,076	0.67
Balance, July 31, 2019	**28,999,654**	**1.06**

The following table summarizes the warrants outstanding as at July 31, 2019:

Warrants	Exercise Price	Expiry Date
#	$	
10,316,200	1.15	December 27, 2020
11,632,378	1.20	June 25, 2021
202,831	0.60	November 21, 2020
1,535,384	0.70	November 21, 2020
2,000,000	0.67	November 21, 2020
217,002	0.60	December 21, 2020
2,504,192	0.70	December 21, 2020
591,667	0.67	December 31, 2020
28,999,654	**1.08**	

(Expressed in Canadian dollars)

e) Restricted Stock Units ("RSU")

On January 29, 2017 the Company entered into an agreement to issue 9,500,000 RSU's as compensation for a service agreement. Each RSU allows the holder to acquire one common share without par value of the Company. The grant date fair value of the RSU is $9,889,500 and is based on the market price of the Company' common shares at the effective date of January 29, 2017. The amount been recognized evenly over the vesting periods.

As at July 31, 2019, 9,500,000 RSU have vested and 2,200,000 have been exercised.

On May 16, 2018 Marc Bruner, Director and consultant at the time, filed a Petition against the Company in British Columbia Supreme Court seeking a declaration that the Company acted unfairly and in bad faith by not permitting shares to vest that he alleges were owed to him and an order to direct the Company to issue the shares and to compensate him for any losses that he may have suffered. The Company has reviewed the Petition and believes the claims are without merit. The Company intends to vigorously defend this matter and has filed a Response to the Petition which includes set-off claims against Mr. Bruner for his breaches of the consultancy agreement (the "Agreement"). In its response to the Petition, the Company also accepted Mr. Bruner's repudiation of the Agreement and as a result the Agreement is terminated.

e) Flow-through obligation

Flow-through share arrangements entitle the holder of the flow-through share to a 100% tax deduction in respect of qualifying Canadian exploration expenses as defined under the Income Act, Canada ("Qualifying CEE"). During the calendar year ending December 31, 2018 the Company received $11,511,134 of flow-through share proceeds and renounced the full amounts at December 31, 2018. The Company must incur $11,511,134 of flow through expenditures by December 31, 2019.

During the year ended December 31, 2017 the Company raised $9,165,087 of flow-through funds and renounced the full amount at December 31, 2017. The Company was unable to meet its full flow-through requirements and had a shortfall of $4,081,384. The Company has recorded a Part XII.6 taxes of $509,109 during the year ended July 31, 2019. The Company has also recorded an additional $826,508 of flow-through indemnity expense relating to the tax loss incurred by subscribers.

15. RELATED PARTY TRANSACTIONS

The Company incurred the following charges with directors and officers of the Company and/or companies controlled by them during the year ended July 31, 2019 and 2018:

	2019	2018
	$	$
Management fees	271,000	3,989,771
Geological fees	38,614	45,450
Legal	-	70,323
Share-based payments	499,792	1,429,741
	809,406	5,535,285

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

As at July 31, 2019, the Company had $237,917 (July 31, 2018 - $68,354) owing to related parties, all of which is unsecured, non-interest bearing and due on demand. A total payable of $233,893(July 31, 2018 - $64,330) was owed to directors and officers of the Company and companies owned by them. A payable of $960 (2018 - $960) was owed to a company with common directors and a payable of $3,064 (2018 - $3,064) was owed to a former parent company. The amounts are non-interest bearing and due on demand.

(Expressed in Canadian dollars)

Refer to Notes #7, 8, 10 and 11 for additional related party transactions.

16. SEGMENTED INFORMATION

The Company operates in two reportable operating segments, the first being the acquisition and exploration of mineral properties in Canada and the USA through the Company; the second being water treatment and mineral extraction of waster water through PurLucid. Prior to the spinout of Zinc8 (Note 10) the Company was also in the development of zinc-air batteries. The results of Zinc8 are disclosed as loss from discontinue operations during the year ended July 31, 2019 and 2018.

A breakdown of the Company's assets by operating and geographic segment as at July 31, 2019 and July 31, 2018 are as follows:

	July 31, 2019	**July 31, 2018**
	$	$
Mineral properties		
Canada	3,240,660	5,987,721
USA	-	3,962,454
Chile	-	-
Argentina	-	326,775
Total	**3,240,660**	**10,276,951**
PurLucid		
Canada	**10,709,117**	**10,709,117**

The Company's income (loss) by operating segment for the years ended July 31, 2019 is as follows:

	MGX Minerals Inc.	**Zinc8 Energy Solutions (to June 26, 2019)**	**PurLucid Treatment Solutions.**
	$	$	$
(Loss) income for the year ended July 31, 2019	(23,203,993)	425,282	(3,331,983)
Total assets	12,745,184	-	13,989,119
Total liabilities	5,491,157	-	1,680,023

The Company's loss by operating segment during the years ended July 31, 2018 is as follows:

	MGX Minerals Inc.	**MGX Renewables Inc.**	**PurLucid Treatment Solutions.**
	$	$	$
Loss for the year ended July 31, 2018	(24,091,894)	(1,286,379)	-
Total assets	18,983,930	5,258,744	13,812,798
Total liabilities	2,410,499	75,866	832,466

(Expressed in Canadian dollars)

17. NON-CONTROLLING INTEREST

The Company owns a 60% controlling interest in PurLucid and the remaining 40% held by various other parties is accounted for as a non-controlling interest.

18. INCOME TAXES

The income taxes shown in the Statements of Loss and Comprehensive Loss differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	2019	2018
	$	$
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(7,388,168)	(6,926,747)
Increase (decrease) in income tax recovery resulting from:		
Items deductible and not deductible for income tax purposes	41,234	1,590,234
Acquisition of ZincNyx	857,059	385,117
Flow-through premium recognized	88,316	(276,345)
Change in tax rate	(478,619)	(75,892)
Current and prior tax attributes not recognized	6,052,566	5,027,288
Income tax recovery	(827,612)	(276,345)

Details of deferred tax assets (liabilities) are as follows:

	2019	2018
	$	$
Non-capital losses	9,340,993	6,203,476
Share issue costs	680,803	698,461
Others	301,659	27,496
	10,323,455	6,929,433
Less: Unrecognized deferred tax assets	(10,323,455)	(7,001,060)
	-	(71,627)

The Company has approximately $34,000,000 of non-capital losses available, which begin to expire in 2032 through to 2039 and may be applied against future taxable income. The Company also has approximately $3,700,000 of exploration and development costs which are available for deduction against future income for tax purposes. At July 31, 2019, the amount of $10,323,455 which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

19. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements as at July 31, 2019

20. FINANCIAL INSTRUMENTS

Classification of financial instruments
The Company's financial instruments consist of cash, marketable securities, loan receivable, accounts payable and accrued liabilities, due to related parties, short-term loan payable and long term loan payable. Marketable securities are designated as FVTPL, all other financial instruments are classified as amortized cost.

Discussions of risks associated with financial assets and liabilities are detailed below:

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

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

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at July 31, 2019, the Company has a working capital deficit of $5,889,417 (2018 – working capital of 5,676,527).

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

21. CONTINGIENCES

On June 18, 2019 Blue Sun Productions filed a claim against the Company for unpaid invoices totalling amounts of $112,518 USD and $7,440 for services performed during the year ended July 31, 2019. The Company did not dispute the amounts owing and has recorded them in full as accounts payable and accrued liabilities on the consolidated statement of financial position as at July 31, 2019. Subsequent to July 31, 2019 a default judgement order was awarded to Blue Sun Production for the outstanding balance, interest calculated at 2% per annum up to November 28, 2019 and additional costs of $1,334. The full amount of interest and additional costs has been accrued for as at July 31, 2019.

Subsequent to July 31, 2019 Lions Gate Risk Management Group Ltd. ("Lions Gate") filed a claim again the Company in the amount of $176,398 relating to security services provided to Jared Lazerson, the CEO of the Company. The Company has filed a counter-claim stating that Lions Gate was in breach of the original security agreement and thereby caused damages to the Company. No settlement has been made and the eventual outcome is not determinable. As at July 31, 2019 the Company had recorded the full $176,398 as accounts payable and accrued liabilities on the consolidated statement of financial position.

Subsequent to July 31, 2019 AIS Resources Limited ("AIS") filed a claim against the Company in the amount of $170,527 USD for unpaid exploration work carried out by AIS at the Salinitas project on behalf of the Company as per an oral agreement made at the time. The claim states that AIS carried out exploration work on the Company's behalf during the year ended July 31, 2019 and was not fully reimbursed for the total work completed. The Company has filed a response denying the allegations made by AIS. The Company's position is that the Company has not breached any of the obligations under the Salinitas agreement and denies it ever entered into an oral agreement. No settlement has been made and the eventual outcome is not determinable. As at July 31, 2019 the Company had recorded the full $170,526 USD as accounts payable and accrued liabilities on the consolidated statement of financial position.

Subsequent to July 31, 2019 Randy Keller filed a claim against the Company for unpaid consulting fees in the amount of $157,500 USD, severance of $42,000 USD and expenses of $17,442. The Company's position is that Keller's work did not meet contractual standards, and in April 2019 Keller agreed to amend his consulting agreement such that his work and fees would be substantially reduced. No settlement has been made and the eventual outcome is not determinable. As at July 31, 2019 the Company has accrued $218,684 relating to the Randy Keller claim as accounts payable and accrued liabilities on the consolidated statement of financial position.

The Company is in arbitration with Dawson Geophysics Inc. ("Dawson") regarding a planned geophysics program for a Utah petrolithium project that was never executed. Dawson claims approximately $183,728 USD in preparation costs and requests additional amounts for additional preparation and lost opportunity because the project was never completed. MGX claims it was not the operator and therefore not responsible. No settlement has been made and the eventual outcome is not determinable. As at July 31, 2019, the Company has accrued $186,000 USD related to the Dawson claims as accounts payable and accrued liabilities on the consolidated statement of financial position.

Subsequent to July 31, 2019 the Company filed a civil claim against Michael Reimann and Lyndon Patrick, directors of the Company ("Defendants"). The Company alleges that the Defendants breached their fiduciary duties to the Company by, among other things, issuing unauthorized and misleading news releases in the name of the Company. The Company is seeking damages and punitive damages in an unspecified amount. The Defendants have filed a counterclaim in which they are seeking to be indemnified by the Company for all legal costs incurred by the Defendants in this matter, and for any judgment that may be made against them. The Defendants are also seeking an order to terminate Jared Lazerson as CEO. The Company denies that the Defendants are entitled to be indemnified. No settlement has been made and the eventual outcome is not determinable.

In December, 2019 a Petition was filed by Lyndon Patrick and Michael Reimann (the "Petitioners"), directors of the Company, in which the Company and Jared Lazerson, a CEO of the Company, are named as Respondents. The Petitioners are seeking various orders mainly concerning the management of the Company. The Petitioners are not seeking judgment or damages. The Company's legal counsel anticipates receiving instructions to file a Response in that matter on behalf of the Company. No settlement has been made and the eventual outcome is not determinable.

22. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended July 31, 2019 the Company issued $1,028,457 (2018 - $3,705,501) in common shares related to mineral property and plant acquisitions. During the year ended July 31, 2019 the Company issued $124,363 (2018 - $174,699) of common shares for debt settlement. During the year ended July 31, 2018 the Company issued $4,784,258 in common shares to acquire Zinc8.

The paid interest of $65,618 (2018 - $nil) during the year ended July 31, 2019. The Company did not make any tax payments during the years ended July 31, 2019 and 2018.

23. SUBSEQUENT EVENTS

Subsequent to July 31, 2019:

- On September 12, 2019 the Company granted 2,640,000 stock options to consultants of the Company. The options are exercisable at $0.25 and have a 3 year life
- On September 12, 2019 the Company granted 200,000 stock options to a consultant of the Company, the options have an exercise price of $0.235 and have a two year life

For additional subsequent events see note 21.

MGX Minerals Inc. **Schedule 1**

Schedule of Mineral Properties
For the Years Ended July 31, 2019 and 2018
(Unaudited - expressed in Canadian dollars)

The following table summarizes the Company's mineral property assets as at July 31, 2019 and July 31, 2018 and the changes for the periods then ended, and exploration expenditures for the period ended July 31, 2019.

	Driftwood	Fran	Canada Lithium	US Lithium	Argentina Lithium	Chile Lithium	Case Lake	Silica Projects	Prospects and Others	Total
	$	$	$	$	$	$	$	$	$	$
Balance, July 31, 2018	**230,231**	**414,429**	**2,720,332**	**3,962,454**	**326,775**	**-**	**2,030,731**	**591,000**	**999**	**10,276,951**
Paid in cash	-	-	-	733,386	-	133,861	-	-	-	866,626
Paid by issue of shares	-	-	178,000	-	-	850,457	-	-	-	1,028,457
Write-down of mineral property assets	-	-	(893,332)	(4,695,219)	(326,775)	(850,457)	(2,030,731)	-	(999)	(8,931,374)
Balance, July 31, 2019	**230,231**	**414,429**	**2,005,000**	**-**	**-**	**-**	**-**	**591,000**	**-**	**3,240,660**
Exploration expenditures										
Administrative	2,222	78,663	1,211	475	-	-	-	1,680	474	84,725
Consulting	116,128	67,000	17,106	23,536	-	238,888	65,775	78,965	18,163	625,562
Drilling	144,250	772,681	174,150	298,380	-	98,887	-	43,305	-	1,531,653
Excavation	-	-	-	-	-	-	137,362	155,663	-	293,024
Field work	65,747	480,476	188,798	470,231	224,209	230,991	-	21,481	751	1,682,685
Geological	9,825	8,790	72,792	66,224	-	20,896	-	37,175	1,800	217,501
Lab work	13,686	77,075	54,667	-	-	-	-	11,131	-	156,558
Licenses and fees	5,294	32,893	17,854	-	-	18,500	-	-	23	74,563
Miscellaneous	6,631	27,070	949	-	-	2,451	-	6,341	-	43,443
Travel & accommodation	10,039	184,377	46,972	4,122	-	105,677	-	8,232	733	360,343
BC METC	-	(71,383)	-	-	-	-	-	-	-	(71,383)
Total at July 31, 2019	**374,016**	**1,657,640**	**574,499**	**862,968**	**224,209**	**716,290**	**203,137**	**363,972**	**21,944**	**4,998,675**