This Management Discussion and Analysis ("MD&A") of Western Magnesium Corporation (the "Company" or "WMC") provides analysis of the Company's financial results for the three months ended January 31, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended January 31, 2021 (the "Interim Financial Statements") and the audited consolidated financial statements and the notes thereto for the year ended October 31, 2020 (the "Fiscal 2020 Financial Statements"), which are available on SEDAR at www.sedar.com.

The January 31, 2021 Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. The Company's significant accounting policies are the same as those applied in the Company's Fiscal 2020 Financial Statements, unless as otherwise provided for in its Interim Financial Statements. All amounts are expressed in Canadian dollars, unless otherwise noted.

This MD&A is current as at April 1, 2021, the date of preparation, and includes certain statements that may be deemed "forward-looking statements". We direct investors to the sections "Forward-Looking Statements" and "Risk and Uncertainties" included within this MD&A.

Additional information relating to WMC is available on the SEDAR website at www.sedar.com and on the Company's website at www.westmagcorp.com.

NATURE OF BUSINESS

Western Magnesium Corporation has developed a proprietary technology with the aim of becoming the premier low-cost producer of green primary magnesium metal in the world.

Our future proprietary technology will look to utilize a continuous silicothermic process to produce [99.9%] pure magnesium achieved with low labour and energy costs while generating zero toxic by-products. Technology is at the heart of our business and is the result of 10 years of stealth research and development done in our original location in British Columbia, Canada. Our R&D team consists of world leading authorities in magnesium production and expertise as well as research from the Unite States magnesium production as early as post-WWII – a time when America led the industry.

WMC seeks to not only contribute significantly to current global production levels to meet the growing market demand for magnesium metal and alloys, but also greatly lower the toxic footprint per tonne of magnesium produced.

The Company was incorporated under the Company Act (British Columbia) on March 24, 1966 as "Ft. Lauderdale Resources Inc.". The Company changed its name to Amcorp Industries Inc. on July 20, 1990, to Molycor Gold Corporation on May 17, 1996, to Nevada Clean Magnesium Inc. on April 16, 2012 and to Western Magnesium Corporation on May 14, 2019. On May 14, 2019, the Company discontinued from the jurisdiction of the Business Corporations Act (British Columbia) and domesticated under the General Corporation Law of the State of Delaware under the name "Western Magnesium Corporation (WMC)". WMC is a publicly traded company with its shares listed on the TSX Venture Exchange ("TSX-V") under the symbol "WMG.V", OTCQB market under the symbol "MLYF" and on Frankfurt exchange under the symbol "M1V". The Company has two wholly-owned subsidiaries: Western Magnesium Corp., incorporated in the State of Nevada in the United States which manages the exploration work on the Company's Nevada properties; and Western Magnesium Canada Corp., incorporated on May 3, 2019 in British Columbia, Canada which manages the Canadian operations. The address of the Company's Canadian office and principal place of business is Suite 900, 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6. Its USA office is located at Suite 249, 3733 Howard Hughes Parkway, Las Vegas, Nevada, United States, 89169. The Company's pilot plant is located at Unit 102, 5140 North Fraser Way, Burnaby, British Columbia, Canada, V5J 0J4.

At January 31, 2021, the Company had not yet achieved profitable operations, had experienced significant losses and negative cash flows from operations since inception, and had a deficit of $36,583,711 (2019 – $33,852,105). It may incur further losses in the development of its business. The continued operations of the Company are dependent on continued support from its directors, its ability to achieve and maintain profitable operations and positive cash flows from operations in the future and upon securing additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

BUSINESS OVERVIEW

HIGHLIGHTS

On November 6, 2017, the Company announced preliminary "proof of concept" in the production of magnesium metal from its bench scale pilot furnace located in Northern British Columbia. The metal is a result from a partial test charge being conducted in order to identify any operational deficiencies prior to a full charge test of dolime material. The charge contained dolomite from the Company's Tami Mosi deposit located east of Ely, Nevada, United States and ferro silicon (the identified base case reductant material contained in the National Instrument 43-101 Technical Report ("NI 43-101").

On January 23, 2018, the Company received the final assay report assessing the purity of the raw magnesium metal produced from its bench scale pilot furnace test program. In accordance with ASTM E1479-16 standards, the testing was analyzed via inductively coupled plasma (ICP) by Gateway Analytical located in Gibsonia, Pennsylvania, United States. This unrefined magnesium metal was found to have a very good metal purity capable of producing ASTM B92 grade metal with minimal treatment. No impurities were found which would impact food grade applications.

In July 2018, the Company contracted Industrial Surplus Ltd. ("ISL") located in Fort St John, British Columbia, to build the newly designed continuous silico-thermic reduction furnace. Under the guidance of James Sever, P. Eng. on December 11, 2018, the technical team produced a magnesium ingot from dolomite secured from the Tami Mosi property. This completes the proof of concept stage which will allow the technical team to develop an efficient pilot furnace capable of producing 2 kilograms of magnesium metal per hour. The Company also engaged Silvertip Design NW for the design drawings for the silicothermic reduction unit.

On May 13, 2019, the Company announced that it completed an arrangement, pursuant to which the Company was discontinued from the jurisdiction of the Business Corporations Act (British Columbia) and domesticated under the General Corporation Law of the State of Delaware under the name "Western Magnesium Corporation". In connection with the name change, the Company also changed its stock symbol to "WMG" on the TSX Venture Exchange.

The Company announced that it retained a roster of leading American and Canadian professional services firms to support its commercialization of a proprietary, clean magnesium metal processing technology. These firms add to an already impressive list of in-house magnesium experts who have been developing a technology which produces magnesium metal through a continuous process that requires less labor and energy than competitive processes.

On June 11, 2019, the Company announced that it has issued an indication of interest to acquire a former smelter site in the state of Washington in the United States.

On December 20, 2019, the Company exercised its right and called of all outstanding common share purchase warrants set to expire between May 7, 2020 and May 13, 2021 to expiry on January 19, 2020, and then extended the expiration date to February 19, 2020. Any unexercised warrants were voided and of no value after February 19, 2020. In all, a total of 40,336,661 warrants were exercised for gross proceeds of $3,050,668.

On January 17, 2020, the Company closed a non-brokered private placement consisting of 3,643,791 units at a price of $0.15 per unit for gross proceeds of $546,569.

On July 27, 2020, the Company announced the closing of a non-brokered private placement of unsecured convertible notes (the "Convertible Note") in the amount of $150,000 (the "Principal Amount"). The Principal Amount of the Convertible Note will bear interest at 12% per annum, and any accrued but unpaid interest, will mature on that date that is one (1) year following the Closing Date (the "Maturity Date"). Each Convertible Note may be convertible into common shares of the Company at the prevailing market price and any accrued but unpaid interest thereon will be convertible into common shares at a price which is the greater of (i) $0.15 or (ii) the Market Price (as defined in the policies of the TSX-V) on the date of a conversion notice. All securities will be subject to regulatory approvals and a four-months and one day statutory hold period in Canada. The securities have not been registered with the Securities Exchange Commission ("SEC") of the United States ("US") are also subject to statutory hold periods that apply in the jurisdictions in the US. Proceeds of the private placement will be used for working capital. No finder's fees were paid in connection with this private placement.

On September 10, 2020, the Company announced a non-brokered private placement of up to 53,846,154 units priced at $0.13 to raise gross proceeds of up to $7,000,000. Each unit will be comprised of one common share and one common share purchase warrant exercisable at $0.19 per share for a period of one year. The private placement is subject to regulatory approval. Finder's fees and commissions may be paid in connection with the offering. At October 31, 2020, the Company had received advance share subscriptions of $747,392.

In October 2020, the Company finalized and obtained a location for its commercial pilot plant. The plant is situated in close proximity to the downtown core, major transportation routes and the airport. The building itself is new and meets all the specifications and zoning needed for the plant build-out. The technical team is excited about the environment and making preparations to move into the new facility.

On November 20, 2020, the Company closed the first tranche of the non-brokered private placement announced on September 10, 2020, issuing 5,599,171 units at a price of $0.13 per unit for gross proceeds of $727,892, which had been received prior to October 31, 2020 and recorded as advance share subscriptions. On January 15, 2021, the Company closed the second tranche of the non-brokered private placement consisting of 7,386,956 units at a price of $0.13 per unit for gross proceeds of $960,304, of which $19,500 was recorded as advance share subscriptions received prior to October 31, 2020. On January 29, 2021, the Company closed the third tranche of the non-brokered private placement consisting of 5,382,303 units at a price of $0.13 per unit for gross proceeds of $699,699. Subsequent to January 31, 2021, the Company has closed the fourth tranche and issued 6,554,172 units at a price of $0.13 per unit for gross proceeds of $852,042. Each unit issued in the four tranches consists of one common share and one common share purchase warrant entitling the holder thereof to acquire a further common share at a price of $0.19 for a period of one year from the date of closing of the respective financing tranche.

OUTLOOK

The outlook for the Company is positive; however, while slowly improving, the mining and metals investment sector for junior companies remains very selective. The investment community shows interest in well-planned and solid projects with a bright economic future such as ours but is nervous to invest into pre-revenue generating companies due to the volatile global financial sector. The demand and uses for magnesium continues to expand and there is strong demand for a second producer within the US. In light of this fact, the Company's Management continues to endeavor to source funding and maintain a steady path for proceeding with the development of the Company's largest asset – the Tami Mosi magnesium project located in Nevada, US. Our proven, technically focused management team is dedicated to taking the magnesium project to full development.

MINERAL EXPLORATION PROJECTS

Mineral Property Holdings

	Beaverdell Property $	**Silverado Property $**	**Tami Mosi Property $**	**Total $**
Balance, October 31, 2019	1	1	1,475,495	1,475,497
Foreign currency translation	–	–	17,501	17,501
License	–	–	20,320	20,320
Sale of mineral property	(1)	–	–	(1)
Balance, October 31, 2020	–	**1**	**1,513,316**	**1,513,317**
Foreign currency translation	–	–	(61,131)	(61,131)
Balance, January 31, 2021	–	1	**1,452,185**	**1,452,186**

Nevada, USA Mineral Properties

Tami Mosi Magnesium Property, Nevada

The Company owns a 100% interest in the unpatented mining claims located in the Schell Creek Range, 6.5 miles south-east of the town of Ely. The property is subject to a 2% net smelter royalty in favor of the originating vendors and consists of 81 unpatented mining claims totaling approximately 677 hectares and 4 quartz unpatented claims totaling approximately 33 hectares.

On August 22, 2007, the Company announced the start of a drill program. The program consisted of up to 25 holes, totaling 15,000 feet (4,500 meters) in 25 reverse circulation rotary holes to test four target areas along a strike length of more than 3 miles (5,000 meters). In February 2008, the Company announced the discovery of high-grade manganese grading 35.2% Mn over 15 feet (4.60 meters) in hole # TM-07-003 during the Phase I drilling program.

An additional nine diamond drill holes were completed in May 2008. The recognition of magnesium in the assays resulted in the discovery of the potential for magnesium development. The nine holes ranged from 90 feet (27.5 meters) grading 10.5% Mg (17.12% MgO), to 540 feet (164.63 meters) grading 11.4% Mg (18.60% MgO), reporting Mg values over a 8,500 foot (2,600 meter) strike length. Most of the drill holes ended in mineralization. The deposit remains open to the north along strike and to depth.

The Company engaged Teck Cominco Global Discovery Labs to analyze a 30 foot (9.2 meter) section of hole # TM 07- 13 from 270 – 300 feet (82.3 – 91.5 meters), for purity of the dolomite. Hole # TM 07-13 averaged 11.4% Mg (18.6% MgO) over 164.4 meters (540 ft.). Results returned a high purity form of dolomite that is virtually identical with the National Bureau of Standards (NBS), Standard 88B.

In news release dated October 7, 2009, the Company announced receipt of a NI 43-101 updated resource report from Norm Tribe and Associates quoting 236,183,772 tonnes of an inferred resource at a grade of 10.0% Magnesium. The NI 43-101 resource study estimate at 8.0% Magnesium cut-off is summarized as follows:

RESOURCE CALCULATIONS FOR TAMI MOSI							
SECTION	AREA Sq.m.	HORIZ. m.	VOLUME Cu.m.	TONNAGE Tonnes		GRADE % Mg	POUNDS Mg.
1	43500N	72,450	100	7,245,000	20,575,800	12.12	5,486,331,312
2	43200N	78,378	100	7,837,800	22,259,352	10.62	5,200,675,001
3	43100N	58,873	100	5,887,300	16,719,932	10.16	3,737,239,201
4	4300N	62,513	100	6,251,300	177,53,692	12.22	4,772,902,557
5	42700N	46,354	100	4,635,400	13,164,536	10.09	2,922,263,701
6	42600N	64,290	100	6,429,000	18,258,360	9.19	3,691,475,225
7	42500N	99,316	100	9,931,600	28,205,744	10.5	6,515,526,864
8	42000N	29,483	100	2,948,300	8,373,172	10.16	1,871,571,405
9	4200N	65,001	100	6,500,100	18,460,284	11.02	4,475,511,253
10	41800N	26,558	100	2,655,800	7,542,472	9.74	1,616,200,900
11	41800N	16,897	100	1,689,700	4,798,748	11.38	1,201,414,549
12	41300N	26,491	100	2,649,100	7,523,444	9.45	1,564,124,008
13	4100N	37,326	100	3,732,600	10,600,584	9.33	2,175,875,872
14	40900N	17,436	100	1,743,600	4,951,824	10.21	1,112,278,707
15	40900N	19,400	100	1,940,000	5,509,600	9.1	1,103,021,920
16	40800N	35,264	100	6,526,400	10,014,976	9.95	2,192,278,246

TOTAL POUNDS Mg.			49,638,690,722
TOTAL TONNES AND GRADE UNDILUTED	214,712,520	10.51	
WITH 10% DILUTION AT THE LISTED GRADE	21,471,252	4.89	2,309,877,290
DILUTED TONNAGE AND GRADE	**236,183,772**	**10.00**	**51,748,568,012**

RESOURCE CALCULATION

Pounds per 1%/Tonne 22.06
Density: 2.84 Tonnes per cubic meter

The Company engaged Hazen Research Inc. for a Phase 1 Process Development Study for Exploitation of the Tami Mosi resource. The resource is a premium quality dolomite containing an estimated 236 million tonnes.

On September 15, 2010, the Company announced the results of Hazen Research Inc.'s Phase I Process Development Study for exploitation of the Tami Mosi resource. Hazen's work included a review of technical literature for recovering magnesium from dolomite deposits and the work done on the drill core samples from Tami Mosi, testing its purity. Hazen's initial assessment indicates the high-quality dolomite is an ideal basis for the production of magnesium-based refractorys, magnesium metal, cement and/or agricultural products. The report outlines potential process routes for production of both high value products and the recovery of magnesium metal and recommends the Company complete a full feasibility study regarding the exploitation of the resource.

In December 2010, the Company engaged Wardrop, a Tetra Tech Company, to complete a Preliminary Economic Assessment ("PEA") under NI 43-101 magnesium production study. The work included project management, geology, mining, metallurgical processing, environmental considerations, financial analysis, capital and operating cost estimates. In January 2011, the Company retained James Sever and Robert Brown, two renowned experts in magnesium industry, to assist the Company with the completion of the preliminary economic assessment study on the Tami Mosi magnesium project.

In August 2011, the Company announced an updated block modeling and resource analysis completed by Wardrop Engineering that resulted in an estimated increase of the inferred resource to 412 million tonnes of dolomite at an average grade of 12.3% magnesium (Mg), using a 12% Mg cut-off grade, for a contained metal content of 111 billion pounds of Mg. This estimate was included in the NI 43-101 Preliminary Economic Assessment Study for the Tami Mosi Magnesium Project, dated September 15, 2011. The NI 43-101 compliant report was filed on SEDAR.

On October 17, 2011 the Company received a paper from Alpha Omega Engineering Inc. of Spokane, Washington, USA, titled "A Discussion Paper for Potential Areas of Improvement within Nevada Clean Magnesium Inc. Tami Mosi Magnesium Project and Possible Effects upon Projected Profitability". The paper identifies eleven potential cost saving areas and increases to revenue streams to the current NI 43-101.

On June 17, 2013, the Company announced the acceptance and publication of a paper titled "Waste Heat Recovery Opportunities in a Magnesium Silicothermic Reduction Plant" by the TMS (The Minerals, Metals and Materials Society). The paper is authored by James Sever P. Eng., Chief Technical Officer of the Company, who is recognized as a qualified person as defined by NI 43-101. The paper defines and quantifies potential reductions to operating costs and carbon dioxide emissions through energy production, whereby low-grade waste heat is recovered during the operation of the proposed vertically integrated Tami Mosi Magnesium Project.

The paper suggests the following:

- Generation of 43 MW of electrical energy for use in the Tami Mosi Project;
- Reduce operating costs by $0.17 per lb. Mg ingot; and
- Reduce the carbon footprint by 51 metric ton per hour of operation.

Potential ancillary benefits identified include:

- Generation of water as a co-product will eliminate the need for external water for plant operation;
- Plant productivity improvement through double operating cycles without incurring additional capital need for expansion of the power plant; and
- Facilitation of permitting of the plant and operations.

Waste heat recovery, together with the confirmation of two cycles per day as presented at the 2012 International Magnesium Association (IMA) conference by The RIMA Group, are just two of the items from the opportunities document that could potentially reduce operating costs and increase revenues for the Tami Mosi Project.

On October 10, 2014, the Company filed an amended 43-101 Preliminary Economic Assessment and technical report of the Tami Mosi Magnesium Project dated effective September 15, 2011 and amended as of October 4, 2014. As a result of a review by the BCSC, the Company amended the NI 43-101 technical report as of October 4, 2014 to address the comments raised by the BCSC. There were no material differences between the mineral resources estimates regarding the Tami Mosi Magnesium Project set out in the original report and those set out in the amended report.

In November 2014, the Company announced that the Company's Board of Directors, after an internal review and analysis, determined that the NI 43-101 Preliminary Economic Assessment of the Tami Mosi Magnesium Project should be reviewed to consider additional project improvements. The original NI 43-101 Preliminary Economic Assessment was completed on September 15, 2011 and the Board believed that three potential opportunities which could significantly reduce operating costs and increase revenue on the project had been sufficiently proven and thus should be considered for inclusion in in the amended NI 43-101 report, should the independent engineer and report writer determine the opportunities are available to the Company's operations.

On January 13, 2015 the Company announced it signed a License and Royalty Agreement with James Sever, P. Eng., to use Mr. Sever's unique knowledge and concepts for the Company's Tami Mosi and other properties for the commercial production of magnesium. In consideration for the license, the Company will pay to Mr. Sever a royalty in the amount of USD $0.003 per pound (USD $0.00661 per kilogram) of magnesium produced and sold by the Company where the condenser concept has been utilized and USD $0.0015 per pound of magnesium produced and sold from its properties without using the condenser concept. The initial term of the agreement ends on December 31, 2040 and is renewable.

On April 4, 2017, the Company announced the completion of the bench scale test furnace. This work was performed by Lindon Acres Enterprises of Fort St John, British Columbia. On October 17, 2017, the Company announced successful furnace preparations - a major milestone in the testing of its bench scale pilot furnace.

On November 6, 2017, the Company produced magnesium metal from its bench scale pilot furnace that provided a preliminary "proof of concept". The charge contained dolomite from the Company's Tami Mosi deposit located east of Ely, Nevada and ferro silicon the identified base case reductant material contained in the NI 43-101. Test samples were submitted for analysis including the waste residue for specifications for the potential use as saleable co-products. All residue samples generated in this test were supplied to an interested international cement company for further testing and data analysis.

On January 23, 2018, the Company received the final assay report assessing the purity of the raw magnesium metal produced from its bench scale pilot furnace test program. The testing was analyzed by Gateway Analytical located in Gibsonia, Pennsylvania, USA in accordance with ASTM E1479-16 standards via inductively coupled plasma (ICP). This unrefined magnesium metal was found to have a very good metal purity capable of producing ASTM B92 grade metal with minimal treatment. No impurities which would impact food grade applications were found.

In July 2018, the Company contracted ISL located in Fort St John, British Columbia, to build the newly designed continuous silico-thermic reduction furnace.

In December 11, 2018, the technical team under the guidance of James Sever, P. Eng., has produced a magnesium ingot from dolomite secured from the Tami Mosi property. This completes the proof of concept stage allowing the technical team to develop an efficient pilot furnace capable of producing 2 kilograms of magnesium metal per hour.

The Company also engaged Silvertip Design NW for the design drawings for the silicothermic reduction unit.

Silverado Property

The Silverado property is located in the Pinto mining district of Nevada, consists of 3 patented mining claims totaling approximately 120 hectares, and is 100% owned by the Company. The property has been impaired to $1 and the Company has no current plans for this property.

British Columbia, Canada Mineral Properties

Beaverdell Property, Greenwood Mining Division

The Beaverdell property is located 3 kilometers southeast of Beaverdell, British Columbia. On January 31, 2020, the Company sold its 100% interest in and to the mineral property for aggregate proceeds of $50,000 to be paid in two equal tranches: (i) upon signing of the sale agreement (received); and, (ii) on or before April 7, 2020 (received). As a result, the Company recognized a gain on sale of $49,999.

RESULTS OF OPERATIONS

Three Months Ended January 31, 2021 and 2020

The following table summarizes our results of operations for Q1 2021, as compared to Q1 2020:

	Three Months Ended January 31,	
	2021	2020
	$	$
Expenses	(2,712,906)	(1,289,962)
Other items	(18,700)	–
Net loss for the period	(2,731,606)	(1,289,962)
Other comprehensive loss	(81,200)	9,666
Comprehensive loss for the period	(2,812,806)	(1,280,296)
Basic and diluted loss per share*	($0.01)	($0.00)

***** *Fully diluted losses per share amounts have not been calculated as they would be anti-dilutive.*

The Company reported a net loss of $2,731,606 ($0.01 per common share) for the three months ended January 31, 2021 ("Q1 2021"), compared to $1,289,962 ($0.00 per common share) for the same period in the preceding year ("Q1 2020"). Comprehensive loss was $2,812,806 in Q1 2021, compared to $1,280,296 in Q1 2020. The increase of net loss and comprehensive loss of $1,441,644 and $1,532,510, respectively, were caused by fluctuations in the following:

Share-based payments (2021 – $1,349,700; 2020 – $232,653; Variance – $1,117,047)
Share-based payments fluctuated depending on timing of option grant. In Q1 2021, the Company granted an aggregate 15,650,000 stock options to directors, officers, employees and consultants at a price of $0.13 per share, of which 9,500,000 were exercisable for a period of five years and 6,150,000 were exercisable for a period of two years. All options granted vested immediately. The Company recorded share-based payments totaling $1,349,700 in relation to the grant of these stock options, which was expensed in operations. While in Q1 2020, the Company recorded $232,653 share-based payments for the 1,600,000 stock options granted during the period. This resulted in a variance of $1,117,047 between the two reporting periods.

Salaries (2021 – $946,534; 2020 – $574,447; Variance – $372,087)
The Company recorded salaries of $946,534 in Q1 2021, compared to $574,447 in Q1 2020. The increase of $372,087 in salaries was due primarily to a retroactive accrual of $372,430 in vacation pay earned but not recorded.

Foreign exchange loss (2021 – $64,230; 2020 – $(84); Variance – $64,314)
Foreign exchange loss was $64,230 in Q1 2021, compared to a gain of $84 in Q1 2020. The variances of $64,314 were from foreign exchange transactions requiring US dollar settlement and translation of US dollar denominated accounts.

Office and general (2021 – $144,913; 2020 – $89,385; Variance – $55,528)
The Company recorded office and general expenses of $144,913 in Q1 2021, compared to $89,385 in Q1 2020. The increase of $55,528 in office and general expenses was resulted as the Company continued to increase its overall level of business activity, with leased office spaces in Vancouver and Nevada, and both a Canadian and US subsidiary company. Increased spending was also resulted as the Company continued to ramp up its operations as it moves towards build-out of its first commercialized pilot plant located in Burnaby.

Depreciation (2021 – $66,040; 2020 – $25,422; Variance – $40,618)
In Q1 2021, the Company recorded $66,040 in depreciation expenses, of which $60,843 were in relation to its right-of-use assets and $5,197 were in relation to property, plant and equipment purchased. While in Q1 2020, the company recorded $25,422 depreciation expenses, of which $18,837 were right-of-use assets related and $6,585 were property, plant and equipment related. The increase of $40,618 in depreciation expenses was due primarily to new right-of-use assets recognized in association with its new pilot plant leased in August 2020.

Due diligence expenses (2021 – $(81,847); 2020 – $20,106; Variance – $(101,953))
In Q1 2021, the Company recorded a net recovery of $81,847 in due diligence expenses due to a reclassification of certain expenses as capital assets. Compared to $20,106 spent in Q1, 2020, which provided a positive variance of $101,953. The Company has been exploring the opportunity of acquiring a potential smelter site to become a center for magnesium metal production. The Company expects continuation of due diligence activities in furtherance of a possible acquisition. Other due diligence costs pertained to the Company's planned pilot plant and planned testing for commercialization of its technology.

Investor relations (2021 – $66,747; 2020 – $117,900; Variance – $(51,153))
Investor relations expenses were $66,747 in Q1 2021 and $117,900 in Q1 2020, representing savings of $51,153 in the current reporting period. During 2020, the Company implemented a shareholders' awareness program, hiring an investor relations team, to increase the Company's name recognition and grow shareholders' value. The Company's investor relations team spent considerable time working with existing investors to facilitate the exercise of 40,336,661 share purchase warrants for gross proceeds of $3,050,668. In addition, the team worked with existing and new shareholders in completing the 3,643,791 units non-brokered private placement that raised gross proceeds of $546,569.

Travel (2021 – $1,076; 2020 – $47,009; Variance – $(45,933))
Due to the impact of COVID-19, travel was significantly curtailed. Travel expenses were $1,076 for Q1 2021 and $47,009 for Q1 2020, representing a reduction of $45,933 in travel related expenditures compared to the same period in the preceding year.

Summary of Quarterly Results

Summarized results for the most recent eight quarters are as follows:

	January 31, 2020 ("Q1 2021")	October 31,2020 ("Q4 2020")	July 31,2020 ("Q3 2020")	April 30, 2020 ("Q2 2020")
Comprehensive loss	$2,775,406	$1,578,170	$1,601,149	$1,797,237
Basic and diluted loss per share*	$0.01	$0.00	$0.01	$0.01

	January 31, 2020 ("Q1 2020")	October 31,2019 ("Q4 2019")	July 31,2019 ("Q3 2019")	April 30, 2019 ("Q2 2019")
Comprehensive loss	$1,280,296	$ 1,380,622	$3,084,966	$1,180,299
Basic and diluted loss per share*	$0.00	$0.01	$0.01	$0.01

** Fully diluted losses per share amounts have not been calculated as they would be anti-dilutive.*

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2021, the Company had a working capital deficiency of $33,097,511 (October 31, 2020 – $3,185,914). Cash and equivalents as at January 31, 2021 was $81,012, as compared with $52,701 as at October 31, 2020.

On September 10, 2020, the Company announced a non-brokered private placement of up to 53,846,154 units priced at $0.13 to raise gross proceeds of up to $7,000,000. On November 20, 2020, the Company closed the first tranche of the non-brokered private placement announced on September 10, 2020, issuing 5,599,171 units at a price of $0.13 per unit for gross proceeds of $727,892, which had been received prior to October 31, 2020 and recorded as advance share subscriptions. On January 15, 2021, the Company closed the second tranche of the non-brokered private placement consisting of 7,386,956 units at a price of $0.13 per unit for gross proceeds of $960,304, of which $19,500 was recorded as advance share subscriptions received prior to October 31, 2020. On January 29, 2021, the Company closed the third tranche of the non-brokered private placement consisting of 5,382,303 units at a price of $0.13 per unit for gross proceeds of $699,699. Subsequent to January 31, 2021, the Company has closed the fourth tranche and issued 6,554,172 units at a price of $0.13 per unit for gross proceeds of $852,042. Each unit issued in the four tranches consists of one common share and one common share purchase warrant entitling the holder thereof to acquire a further common share at a price of $0.19 for a period of one year from the date of closing of the respective financing tranche. The private placement is subject to regulatory approval. Finder's fees and commissions may be paid in connection with the offering.

During the year ended October 31, 2020, an aggregate 40,336,661 share purchase warrants were exercised resulting in gross proceeds of $3,050,668. In addition, the Company completed a 3,643,791 unit non-brokered private placement that raised gross proceeds of $546,569. A total of 500,000 incentive stock options were exercised for gross proceeds of $37,000.

Proceeds from the share issuances are planned to be used for general working capital and to complete the Company's commercialized pilot plant.

At January 31, 2021, the Company had debt of $47,724 (October 31, 2020 – $80,662) in the form of unsecured promissory notes bearing interest at 18%. During the year ended October 31, 2020, the Company received a short-term loan of $25,000 from a related party. The loan is unsecured, has no fixed repayment date and bears no interest. The short-term loan was repaid subsequent to year-end.

On July 27, 2020, the Company closed a non-brokered private placement of an unsecured convertible debenture in the principal amount of $150,000. The note bears interest at 12% per annum and is due on the date that is one year following the closing date. The note is convertible into common shares of the Company at the price which is the greater of $0.15 and the market price on the date of the conversion notice. Any accrued but unpaid interest will be payable on the earlier of the maturity date and the date of conversion in cash or common shares. The convertible debenture was determined to be a hybrid financial instrument comprised of the debt host liability and an embedded derivative liability, as under the conversion feature the number of shares that will or may be issued to settle the note may vary. On issuance date of the convertible debenture, the fair value of the debt host liability was determined to be $116,500 and the embedded derivative liability was valued at $33,500, using a convertible bond pricing model based on a system of two coupled Black-Scholes equations where the debt and equity components are separately valued based on different default risks and assumptions. Interest and accretion as at January 31, 2021 was $23,614 (October 31, 2020 – $11,776). At January 31, 2021, the embedded derivative was subject to a fair value appreciation of $12,000 (October 31, 2020 – reduction of $6,700). At January 31, 2021, the total fair value of the convertible debenture was $185,615 (October 31, 2021 – $155,076).

During Q1 2021, the Company experienced cash outflows of $1,310,837 (Q1 2020 – $1,144,527) from operating activities. Investing activities used cash of $215,591 (Q1 2020 –$3,043), of which $104,464 (Q1 2020 – $3,043) was used for the purchase of equipment and $111,127 (Q1 2020 – $Nil) was used for leasehold improvements on the pilot plant. Financing activities realized inflows of $1,554,852 (Q1 2020 – $1,921,547). Proceeds from the issuance of common shares, net of issue costs and advance share subscription receipts totaled $1,640,504 (Q1 2020 – $1,967,547). At January 31, 2021, the Company had debt of $47,724 (October 31, 2020 – $80,662) in the form of unsecured promissory notes bearing interest at 18%. During Q1 2021, the Company made repayments of principal and interest totaling $25,000 (Q1 2020 – $46,000). Also in Q1 2021, the Company recorded the reduction of the lease liability in the amount of $50,652 (Q1 2022 – $Nil). Overall, cash increased by $28,424, as compared to a decrease of $773,977 for the same period in the preceding year.

The Company relies upon various sources of funds for its ongoing operating and investing activities. These sources include proceeds from dispositions of mineral property interests, capital raising activities such as private placement equity financings, and debt.

The Company does not generate revenue from operations and is dependent upon its ability to raise equity capital through the issuance of shares and exercise of warrants to pay ongoing operating expenses and the costs associated with its exploration and development activities. The Company expects this to continue for the foreseeable future and anticipates that it will need additional capital to finance ongoing exploration of its properties, which will be derived from the exercise of stock options and warrants, and/or private placements.

The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon the capital markets to finance its activities. However, there can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable value of its assets may decline materially from current estimates. These factors indicate the existence of a material uncertainty that cast significant doubt on the Company's ability to continue as a going concern.

Management's Response to the COVID-19 Pandemic

The World Health Organization declared the Novel Coronavirus ("COVID-19") a pandemic on March 11, 2020. The Company responded rapidly and proactively to COVID-19, restricting access to its Vancouver headquarters and implementing internal controls and procedures to prevent transmission of the virus, resulting in minimal disruption on the Company's operations.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may constitute "forward-looking information" (also referred to as "forward-looking statements") within the meaning of Canadian securities legislation. Forward-looking statements are provided for the purpose of furnishing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: future anticipated business developments and the timing thereof, business and financing plans, and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information as well as other risks and uncertainties referenced under "Risks and Uncertainties" in this MD&A.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those referenced in the "Risks and Uncertainties" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statements made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.

RISKS AND UNCERTAINTIES

Novel Coronavirus ("COVID-19")
The Company's operations could be significantly and adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company has, thus far, not been widely impacted by COVID-19. However, the Company cannot accurately predict the further impact that COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Industry Risk
The Company is an early-stage exploration and development company with limited operating history and, in addition to facing all of the competitive risks it will also face all the risks inherent in developing a business including: access to capital, ability to attract and retain qualified employees, ability to attract and maintain customers and the ability to put in place appropriate operating and control procedures routines.

Industry specific risks include, but are not limited to the following:

- The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.
- The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that

the Company will be successful in achieving a positive return on shareholders' investment.

- The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and properties, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.
- The Company's property interests are located in undeveloped areas and the availability of infrastructure such as surface access, skilled labor, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.
- The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity. The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.
- The Company's exploration and development activities require permits and approvals from various government authorities, and are subject to extensive federal, state and local laws and regulations governing prospecting development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.
- The Company's activities are subject to extensive federal, state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.
- The market price of securities of many companies, particularly exploration and development stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.
- A number of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation. Further, certain of the directors and officers are involved in other copper exploration companies and other companies that are developing mines. As a result, conflicts of interest may arise and officers and directors cannot devote 100% of their time to the Company.
- The Company has invested resources to document and analyze its system of internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described above before investing in the Company's common shares. The risks described above are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously impacted and investors may lose some or all of their investment.

RELATED PARTY TRANSACTIONS

Key management compensation

During Q1 2021, the Company had seven executives, with an aggregate annualized salary of approximately $1,897,000 per year, as follows: Executive Chairman, Executive President & Chief Executive Officer, Chief Financial Officer, Senior Vice President of Corporate Affairs, Senior Vice President of Strategy, Senior Vice President of Operations, and Corporate Secretary.

During Q1 2021, the Company incurred salaries, management and consulting fees totaling $913,396 (2020 – $721,916) to directors, officers and related companies with directors in common.

During Q1 2021, the Company recorded share-based payments of $1,349,700 (2020 – $35,003) for options granted to directors and officers of the Company.

As at January 31, 2021, the balances owing to related parties is $1,125,257 (October 31, 2020 – $1,124,025) and were unsecured and non-interest bearing. A total of $1,047,057 had no stated terms of repayment, with the remainder of $78,200 (October 31, 2020 – $102,001) subject to a payment schedule, as set out in this MD&A and in note 9 of the Company's Interim Financial Statements for the period ended January 31, 2021. In addition, the Company owes a director and officer an amount of $47,724 (October 31, 2020 – $80,662) by way of a promissory note, as set out in this MD&A and in note 10 of the Company's Interim Financial Statements.

CONTINGENT LIABILITIES

On January 13, 2015, the Company signed a License and Royalty Agreement with its director, James Sever, P. Eng., to use Mr. Sever's unique knowledge and concepts on the Company's Tami Mosi and other properties for the commercial production of magnesium. In consideration for the license, the Company was to pay to Mr. Sever a royalty in the amount of USD$0.003 per pound (USD$0.00661 per kilogram) of magnesium produced and sold by the Company where the condenser concept has been utilized and USD$0.0015 per pound of magnesium produced and sold from its properties without using the condenser concept. The initial term of the agreement ends on December 31, 2040 and was renewable. No royalties were paid during the years ended October 31, 2020 or 2019. During the year ended October 31, 2020, the Company had a Notice of Civil Claim filed against it in the Supreme Court of British Columbia by Mr. Sever, alleging constructive dismissal and that outstanding amounts are owed to him. The Company believes that the claim has no merit and will vigorously defend against it. No provision has been recognized in respect to the claim as there is no present obligation and the probability of settlement cannot be determined.

On December 22, 2020, the Company received notice from GEM Global Yield LLC SCS ("GEM") of its intention to arbitrate a three-year capital commitment agreement entered into with the Company on November 19, 2019. GEM claims that the Company has breached the agreement and is demanding the payment of $4,200,000. As at January 31, 2021, the Company had not received regulatory approval of this agreement and not drawn-down any funds under the credit facility. The Company believes that the claim has no merit and will vigorously defend against it. No provision has been recognized in respect to the claim as there is no present obligation and the probability of settlement cannot be determined.

On December 30, 2020, the Company entered into a settlement agreement with Frank Halliday, a former director and officer of the Company, whereby the Company has agreed to pay Mr. Halliday termination pay in the amount of $102,001 via installment payments commencing in January 2021 until October 2021. At October 31, 2020, the Company had recorded a provision for the settlement amount. For the period ended January 31, 2021, the Company had made aggregate payments of $23,801 (2020 – $Nil) to Mr. Halliday, reducing the provision accordingly.

COMMITMENTS

On January 1, 2016, the Company signed a service agreement with Lodestar, a US corporate logistics company, which was extended on January 1, 2017 and 2018 under the same terms. Lodestar provides advisory, consulting, negotiation and other management services relating to corporate management, administrative and/or operational activities of the Company. The term of the contract is for one year and is renewable. The Company has agreed to compensate Lodestar in the amount of $2,500 per month by arrangement of the issuance of shares. The number of shares issued will be based on the share price on the day of issuance that is not lower than the $0.05 per share minimum requirement and will not exceed $2,500 in value. The shares will be issued on the last working day of each month for a period of twelve months. The Company issued 1,200,000 shares at a price of $0.05 during the year ended October 31, 2019. There were no shares issued to Lodestar during the year ended January 31, 2021.

The Company has a sublease agreement for office space in Canada with a lease term from April 1, 2019 to March 31, 2021. Monthly rent is $9,345. In addition, the Company has an office lease in the United States with a lease term from May 15, 2019 to May 31, 2021. Monthly rent is US$1,293. During the year ended October 31, 2020, the Company entered into a lease agreement for a commercial pilot plant space in Canada with a lease term from October 1, 2020 to September 30, 2023 at a monthly rent of $20,715.

During the year ended October 31, 2019, the Company signed a letter of intent for the potential purchase of a former smelter site in the state of Washington in the United States. The Company was granted access to the site to perform certain due diligence activities in furtherance of the proposed acquisition. The acquisition did not complete and the Company is renegotiating the letter of intent. During the year ended October 31, 2019, the Company incurred $515,518 in connection with this investigation. The Company incurred another $20,106 during the Q1 2020, and $nil during Q1 2021.

On November 19, 2019, the Company signed a three-year capital commitment with New York-based GEM Global Yield LLC SCS ("GEM") whereby GEM will make available $210 million (US$150 million) for the Company to use at its discretion, subject to certain terms, in its pursuit to commercialize production of high-grade magnesium metal. The Company will pay fees equal to 2% of the facility amount, payable from proceeds of the first few draw-downs, in cash or shares and issue 33 million warrants with an exercise price of $0.26 in connection with this share subscription facility. Any draw down on such funding is subject to regulatory approval. As at January 31, 2021, the Company had not received regulatory approval of this agreement and no funds had been drawn-down. On December 22, 2020, the Company received notice from GEM of its intention to arbitrate the agreement (see Contingent Liabilities below).

OFF-BALANCE SHEET ARRANGEMENTS

As at January 31, 2021 and the date of this MD&A, the Company does not have material off-balance sheet arrangements.

SUBSEQUENT EVENTS

Subsequent to January 31, 2021, the Company closed the fourth tranche of a non-brokered private placement previously announced on September 10, 2020, and issued 6,554,172 units at a price of $0.13 per unit for gross proceeds of $852,042. Each unit consists of one common share and one common share purchase warrant entitling the holder thereof to acquire a further common share at a price of $0.19 for a period of one year from the date of closing. Proceeds from the share issuance are for general working capital use and for completion of the Company's commercialized pilot plant.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The Company's significant accounting policies and estimates are included in Note 3 of its Fiscal 2020 Financial Statements.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Determination of functional currency;
- Asset carrying values and impairment charges;
- Impairment of exploration and evaluation assets;
- Capitalization of exploration and evaluation assets;
- Mineral reserve estimates;
- Estimation of decommissioning and restoration costs and the timing of expenditure;
- Income taxes and recoverability of potential deferred tax assets; and
- Share based payments.

CHANGES IN AND FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

New Standards Not Yet Adopted

The following is an overview of a new accounting standard that the Company will be required to adopt in future years. The Company does not expect to adopt this standard before its effective date. The Company continues to evaluate the impact of this standard on its Interim Financial Statements.

- IFRS 17 – Insurance Contracts. This standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after January 1, 2021.

CAPITAL MANAGEMENT

The Company classifies the components of shareholders' equity as capital, which at January 31, 2021, was a deficiency of $1,203,758 (October 31, 2020 – $1,381,156). When managing capital, the Company's objective is to ensure the entity continues as a going concern and advance stakeholders' interests. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Company's board of directors does not establish qualitative 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 is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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 appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at January 31, 2021, the Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, due to related parties, promissory note, and convertible debenture. The fair value of accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:
Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at January 31, 2021, the fair value of cash and cash equivalents held by the Company was based on Level 1 of the fair value hierarchy. There were no transfers between levels 1 and 2 during the period.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

[i] Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures.

[ii] Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, reclamation deposits and accounts payable and accruals that are denominated in US dollars. As at the period end, net liabilities denominated in US dollars were nominal. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect net loss and comprehensive loss by an immaterial amount with all other variables remaining constant.

[iii] Commodity price risk

The value of the Company's exploration and evaluation assets are dependent on the price of magnesium and the outlook for this mineral. Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside the Company's control, including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, as well as certain other factors related specifically to magnesium. If magnesium prices decline for a prolonged period below the cost of production, it may not be economically feasible to continue towards production.

[iv] Credit risk

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk on cash and cash equivalents as these financial instruments are held with major Canadian and international banks. Amounts receivable consist primarily of GST due from the Federal Government of Canada. Management believes the credit risk concentration with respect to amounts receivable is remote. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

[v] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash and cash equivalents. Liquidity requirements are managed based on expected cash flows to ensure there is capital to meet short-term and long-term obligations. As disclosed in *note 1*, the ability of the Company to continue as a going concern is dependent on many factors. The Company's cash is primarily invested in bank accounts. The Company anticipates that its cash on hand, together with expected funds raised from private placements and on exercise of warrants and options, will provide sufficient financial resources to carry out its operations through the current fiscal year, including the continued exploration of its mineral assets. However, additional funding will be required. There can be no assurance that the Company will be able to raise the funds necessary to continue future operations. Liquidity risk has been assessed as high.

OUTSTANDING SHARE DATA AS AT THE DATE OF THIS MD&A

[i] Authorized and issued share capital:

Class	Par Value	Authorized	Issued
Common	$0.001	1,000,000,000	341,757,957

[ii] Summary of common share purchase warrants issued and outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	3,643,791	$0.21	August 31, 2021
Warrants	5,599,171	$0.19	November 20, 2021
Warrants	7,386,956	$0.19	January 15, 2022
Warrants	5,382,303	$0.19	January 29, 2022
Warrants	1,505,200	$0.05	February 21, 2022
Warrants	1,482,025	$0.05	March 27, 2022
Warrants	2,368,626	$0.05	May 9, 2022
Warrants	1,110,000	$0.05	August 14, 2022
	28,478,072		

[iii] Summary of stock options issued and outstanding:

Security	Number	Number Exercisable	Exercise Price Range
Options	43,470,000	43,470,000	$0.05 to $0.16

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed consolidated interim financial statements and the respective accompanying Management's Discussion and Analysis for the three months ended January 31, 2021 and 2020.

DISCLOSURE CONTROLS

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making.

ADDITIONAL INFORMATION

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.