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 and six months ended April 30, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the notes thereto for the three and six months ended April 30, 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 April 30, 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 June 29, 2021 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", the OTCQB market under the symbol "MLYF", and the 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 Corporation, incorporated on May 3, 2019 in British Columbia of Canada which manages the build-out and commercialization of its pilot pant and 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.

As at April 30, 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 $37,103,326 (October 31, 2020 – $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 Supplies 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. 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 $20,100 during the year ended October 31, 2020.

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 closed a non-brokered private placement of an unsecured convertible note in the principal amount of $150,000 (the “July 2020 Convertible Debenture”). 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. 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 had a Notice of Civil Claim filed against it in the Supreme Court of British Columbia by Mr. James 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.

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. On January 15, 2021, the Company closed the second tranche issuing 7,400,214 units at a price of $0.13 per unit for gross proceeds of $962,029. On January 29, 2021, the Company closed the third tranche issuing 5,382,303 units at a price of $0.13 per unit for gross proceeds of $699,699. On March 24, 2021, the Company closed the fourth tranche issuing 6,554,172 units at a price of $0.13 per unit for gross proceeds of $852,042. On April 27, 2021, the Company closed the fifth and final tranche issuing 851,395 units at a price of $0.13 per unit for gross proceeds of $110,681. The Company closed an aggregate 25,787,255 units at a price of $0.13 per unit for aggregate gross proceeds of $3,352,343. Each unit issued 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 Company incurred aggregate share issue costs of $246,447. Proceeds from the share issuance are for general working capital use and for completion of the Company's commercialized pilot plant.

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 the current period end, 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.

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.

On April 22, 2021, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of $100,000 (the "April 2021 Convertible Debenture"). 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 $0.12 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. No finder's fees were paid in connection with this private placement.

On May 5, 2021, the Company announced a non-brokered private placement priced at $0.13 per unit to raise gross proceeds of up to $3,000,000. As at April 30, 2021, the Company had received advance share subscriptions of $55,830. On May 28, 2021, the Company closed the first tranche of the non-brokered private placement issuing 5,223,420 units at a price of $0.13 per unit for gross proceeds of $679,044. On June 17, 2021, the Company closed the second and final tranche of the non-brokered private placement consisting of 17,853,506 units at a price of $0.13 per unit for gross proceeds of $2,320,956. The Company closed at its maximum offering and issued aggregate 23,076,923 units at a price of $0.13 per unit for aggregate gross proceeds of $3,000,000. Each unit issued 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. Finder's fees and commissions may be paid in connection with the offering. Proceeds from the share issuance are for general working capital use and for completion of the Company's commercialized pilot plant.

On June 2, 2021, the Company announced, in conjunction with developments at its commercialized pilot plant, the development, buildout and completion of its magnesium furnace reactor. As a result, the Company has accelerated its internal timeline for the production of magnesium metal for the purposes of testing, certification and distribution. This magnesium furnace reactor will be the first of its kind, and a major step towards being able to operate a silicothermic reactor system from open atmosphere to a sealed vacuum space on a continuous basis. With the Company's proprietary continuous condenser, it allows for maximum continuous production from pit or stockpile to magnesium metal, to the end-user in timely matter.

On June 7, 2021, the Company announced it has received final approval from the TSX-V for an agreement with Industrial Surplus Supplies Ltd. ("ISL"), pursuant to which ISL will build a prototype internally heated testing lab furnace for the testing of a magnesium production process. The consideration is $200,000 payable in cash or shares, up to a maximum of 1,538,461 shares.

On June 15, 2021, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of US$1,500,000 (the "June 2021 Convertible Debenture"). The June 2021 Convertible Debenture bears interest at 12% per annum and is matured on December 10, 2022. The June 2021 Convertible Debenture is convertible into common shares of the Company (the "Conversion Shares") at the price of US$0.10 prior to its maturity. For every Conversion Share issued, the following shall also be issued thereunder: (i) one-half of one Class A common stock purchase warrant, with each whole warrant being exercisable at a price of US$0.13 until June 10, 2026, and (ii) one-half of one Class B common stock purchase warrant, with each whole warrant being exercisable at a price of US$0.19 until June 10, 2026.

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 and commercialization of the Company's pilot plant located in British Columbia, Canada, focusing on plant operations and magnesium production. The Company will also continue to maintain its 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	–	–	(117,379)	(117,379)
Balance, April 30, 2021	**–**	**1**	**1,395,937**	**1,395,938**

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. During the year ended October 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. The carrying value of the property was $1.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the three months ended April 30, 2021 ("Q2 2021") and for the six months ended April 30, 2021 ("YTD 2021"), as compared to the same periods in the preceding year:

	Three Months Ended April 30,		**Six Months Ended April 30,**	
	2021	**2021**	**2021**	**2020**
	$	**$**	**$**	**$**
Expenses	(559,516)	(1,937,070)	(3,272,422)	(3,227,032)
Other items	39,900	49,999	21,200	49,999
Net loss for the period	(519,616)	(1,887,071)	(3,251,222)	(3,177,033)
Other comprehensive loss	(36,214)	89,834	(117,414)	99,500
Comprehensive loss for the period	(555,830)	(1,797,237)	(3,368,636)	(3,077,533)
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.*

Summary of Quarterly Results

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

	April 30, 2021 ("Q2 2021")	**January 31, 2021 ("Q1 2021")**	**October 31,2020 ("Q4 2020")**	**July 31,2020 ("Q3 2020")**
	$	**$**	**$**	**$**
Comprehensive loss	(555,830)	(2,775,406)	(1,578,170)	(1,601,149)
Basic and diluted loss per share*	(0.00)	(0.01)	(0.00)	(0.01)

	April 30, 2020 ("Q2 2020")	**January 31, 2020 ("Q1 2020")**	**October 31,2019 ("Q4 2019")**	**July 31,2019 ("Q3 2019")**
	$	**$**	**$**	**$**
Comprehensive loss	(1,797,237)	(1,280,296)	(1,380,622)	(3,084,966)
Basic and diluted loss per share*	(0.01)	(0.00)	(0.01)	(0.01)

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

Three Months Ended April 30, 2021 and 2020

The Company reported a net loss of $519,616 ($0.00 per common share) for Q2 2021, compared to $1,887,071 ($0.01 per common share) for the same period in the preceding year ("Q2 2020"). Comprehensive loss was $555,830 in Q2 2021, compared to $1,797,237 in Q2 2020. The decrease of net loss and comprehensive loss of $1,367,455 and $1,241,407, respectively, was due primarily to a recovery of share-based payments of $1,349,700 and positive variance in foreign exchange gain, partially offset by increased legal and professional fees, salaries and benefits, travel expenses and shareholder communications in Q2 2021.

Share-based payments [2021 – ($1,349,700); 2020 – $587,000; Variance – ($1,936,700)]
Share-based payments fluctuated depending on timing of option grant. On December 30, 2020, 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. These options were subsequently nullified as they exceeded the maximum allowed under the Company's stock option plan. In Q2 2021, the Company reversed the same share-based payments it recognized, resulting in a recovery of $1,349,700 during the period. While in Q2 2020, the Company recognized $587,000 share-based payments for the 4,500,000 stock options granted. This resulted in a variance of $1,936,700 between the two reporting periods.

Foreign exchange gain [2021 – $174,025; 2020 – $34,815; Variance – ($139,210)]
Foreign exchange gain was $174,025 in Q2 2021, compared $34,815 in Q1 2020. The positive variance of $139,210 from foreign exchange transactions requiring US dollar settlement and translation of US dollar denominated accounts contributed to the decrease of net loss and comprehensive loss compared to the preceding period.

Legal and professional fees (2021 – $335,493; 2020 – $83,499; Variance – $251,994)
The Company recorded legal and professional fees of $335,493 in Q2 2021, compared to $83,499 in Q2 2020. The significant increase of $251,994 in legal and professional fees was due primarily to certain litigations and disputes the Company entered into with Mr. James Sever, GEM Global Yield LLC SC and Mr. Frank Halliday, respectively (*see Contingent Liabilities*). In Q2 2021, the Company also incurred legal and professional fees as it prepared its listing application with the U.S. Securities and Exchange Commission ("US SEC") expected in the second half of the current year.

Salaries and benefits (2021 – $793,320; 2020 – $610,402; Variance – $182,918)
The Company recorded salaries and benefits of $793,320 in Q2 2021, compared to $610,402 in Q2 2020. The increase of $182,918 in salaries was due primarily to increased personnel headcount including senior management members and engineers at the pilot plant. Certain senior management members' salaries were also adjusted to be in line with industry standards.

Travel expenses (2021 – $139,794; 2020 – $47,863; Variance – $91,931)
Travel expenses were $139,794 in Q2 2021 and $47,863 in Q2 2020, representing an increase of $91,931 in travel related expenditures compared to the same period in the preceding year. As economies began to reopen and recover from the COVID-19 pandemic, the Company continued to ramp up its operations and travelling activities for financing and site plant selection purposes.

Shareholder communications (2021 – $109,760; 2020 – $21,750; Variance – $88,010)
Shareholder communications were $109,760 in Q2 2021, compared to $21,750 in Q2 2020. The increase of $88,010 in expenses in the current reporting period was due primarily to (i) the Company hired a consulting company to assist in solicitating shareholders' proxies in order to achieve certain corporate objectives of the Company and (ii) the Company received billings in the current reporting period for certain shareholders' awareness program implemented in the prior fiscal year for the purpose of name recognition and shareholders' value growth.

Six Months Ended April 30, 2021 and 2020

The Company reported a net loss of $3,251,222 ($0.01 per common share) for YTD 2021, compared to $3,177,033 ($0.01 per common share) for the same period in the preceding year ("YTD 2020"). Comprehensive loss was $3,368,636 for YTD 2021, compared to $3,077,533 for YTD 2020. The increase of net loss and comprehensive loss of $74,189 and $291,103, respectively, was due primarily to increased salaries and benefits and legal and professional fees, partially offset by decreased share-based payments.

Salaries and benefits (2021 – $1,739,854; 2020 – $1,184,849; Variance – $555,005)
The Company incurred salaries and benefits of $1,739,854 during YTD 2021, as compared to $1,184,849 in YTD 2020, representing an increase of $555,005 in expenses. This was due mainly to increased personnel headcount as the Company continued to ramp up its operations as it moves towards build-out of its first commercialized pilot plant. As at April 30, 2021, the Company had 21 full-time employees including nine executives. While at April 30, 2020, the Company had 10 full-time employees including seven executives. Certain senior management members' salaries were also adjusted during YTD 2021 to be in line with industry standards.

Legal and professional fees (2021 – $366,044; 2020 – $108,340; Variance – $257,704)
The Company recorded legal and professional fees of $366,044 during YTD 2021, as compared to $108,340 in YTD 2020. The significant increase of $251,704 in legal and professional fees was, similar to Q2 2021, attributable to litigations and disputes the Company entered into with Mr. James Sever, GEM Global Yield LLC SC and Mr. Frank Halliday, respectively (*see Contingent Liabilities*). In addition to the preparation of listing application with the US SEC, legal and professional fees were also spent on other general and corporate objectives during YTD 2021.

Facilities and rent (2021 – $108,539; 2020 – $35,692; Variance – $72,847)
The Company recorded facilities and rent of $108,39 during YTD 2021, as compared to $35,692 in YTD 2020, this represents an increase of $72,847 in expenses. The Company entered into a new operating lease with respect to its pilot plant located in Burnaby, British Columbia effective October 2020, and started to incur facilities related expenses and operating costs since then, hence, a much lower spending during the first six months ended April 30, 2020.

Depreciation (2021 – $123,454; 2020 – $51,887; Variance – $71,567)
In YTD 2021, the Company recorded $123,454 in depreciation expenses, of which $112,450 were in relation to its right-of-use assets and $11,004 were in relation to property, plant and equipment purchased. While in YTD 2020, the company recorded $51,887 in depreciation expenses, of which $37,674 were right-of-use assets related and $14,213 were property, plant and equipment related. The increase of $71,567 in depreciation expenses was due primarily to new right-of-use assets recognized in association with its new pilot plant leased in October 2020.

Share-based payments [2021 – $nil*; 2020 – $819,653; Variance – ($819,653)]*
On December 30, 2020, the Company granted an aggregate 15,650,000 stock options to directors, officers, employees and consultants. These options were subsequently nullified as they exceeded the maximum allowed under the Company's stock option plan. The Company recognized and reversed the same share-based payments totaling $1,349,700, resulting in $nil expenses for YTD 2021. While in Q2 2020, the Company recognized $819,653 share-based payments for the 6,100,000 stock options granted. This resulted in a variance of $819,653 between the two reporting periods.

Subsidies and recoveries [2021 – ($52,500)*; 2020 – $nil; Variance – ($52,500)]*
The company recorded subsides of $52,500 during YTD 2021 as it entered into wage subsidy agreements with the Mining Industry Human Resources Council ("MiHR") whereby MiHR would reimburse the Company a maximum amount of $7,500 per participant, representing 75% of a participant's compensation, in support for employment opportunities through paid work-integrated learning opportunities for post-secondary student to gain work experiences in the mining sector. The Company signed up for 7 participants in this program.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2021, the Company had a working capital deficiency of $4,491,800 (October 31, 2020 – $3,185,914). Cash and equivalents as at April 30, 2021 was $86,443, as compared with $52,701 as at October 31, 2020. The Company has a history of operating losses. The Company has funded its operations primarily from equity financing and debt financing.

Equity Financing

[i] 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. On January 15, 2021, the Company closed the second tranche consisting of 7,400,214 units at a price of $0.13 per unit for gross proceeds of $962,029. On January 29, 2021, the Company closed the third tranche consisting of 5,382,303 units at a price of $0.13 per unit for gross proceeds of $699,699. On March 24, 2021, the Company closed the fourth tranche and issued 6,554,172 units at a price of $0.13 per unit for gross proceeds of $852,042. On April 27, 2021, the Company closed the fifth and final tranche and issued 851,395 units at a price of $0.13 per unit for gross proceeds of $852,042. The Company closed an aggregate 25,787,255 units at a price of $0.13 per unit for aggregate gross proceeds of $3,352,343. Each unit issued 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 Company incurred aggregate share issue costs of $246,447. Proceeds from the share issuance are for general working capital use and for completion of the Company's commercialized pilot plant.

[ii] During the six months ended April 30, 2021, the Company issued a total of 100,000 common shares on the exercise of stock options for gross proceeds of $5,000, and a total of 400,000 common shares on the exercise of common share purchase warrants for gross proceeds of $20,000.

[iii] On May 5, 2021, the Company announced a non-brokered private placement priced at $0.13 per unit to raise gross proceeds of up to $3,000,000. As at April 30, 2021, the Company had received advance share subscriptions of $55,830. On May 28, 2021, the Company closed the first tranche of the non-brokered private placement issuing 5,223,420 units at a price of $0.13 per unit for gross proceeds of $679,044. On June 17, 2021, the Company closed the second and final tranche of the non-brokered private placement consisting of 17,853,506 units at a price of $0.13 per unit for gross proceeds of $2,320,956. The Company closed at its maximum offering and issued aggregate 23,076,923 units at a price of $0.13 per unit for aggregate gross proceeds of $3,000,000. Each unit issued 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. Finder's fees and commissions may be paid in connection with the offering. Proceeds from the share issuance are for general working capital use and for completion of the Company's commercialized pilot plant.

Debt Financing

[i] During the year ended October 31, 2019, the Company received a loan of $150,000 from a related party. The loan is unsecured, bears interest at 18% and is due on demand. During the year ended October 31, 2020, the loan was increased by an additional $60,000, to $210,000 on the same term. During the period ended April 30, 2021, the Company accrued interest expense of $2,061 (2020 – $15,607) and made repayments of the entire balance of principal and interest totaling $82,724 (2020 – $136,000). As at April 30, 2021, the outstanding balance was $nil (October 31, 2020 – $80,662).

[ii] On July 27, 2020, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of $150,000 (the "July 2020 Convertible Debenture"). 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. No finder's fees were paid in connection with this private placement.

[iii] On April 22, 2021, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of $100,000 (the "April 2021 Convertible Debenture"). 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 $0.12 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. No finder's fees were paid in connection with this private placement.

Both the July 2020 Convertible Debenture and the April 2021 Convertible Debenture were determined to be hybrid financial instruments comprised of a 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 notes may vary. The Company uses 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. On issuance date of the July 2020 Convertible Debenture, the fair value of its debt host liability was determined to be $116,500 and the respective embedded derivative liability was valued at $33,500. On issuance date of the April 2021 Convertible Debenture, the fair value of its debt host liability was determined to be $73,400 and the respective embedded derivative liability was valued at $26,600. The debt host liability of the convertible note will be amortized at cost, with the embedded derivative liability measured at fair value through profit and loss.

As at April 30, 2021, the fair value of the July 2020 Convertible Debenture's debt host liability was $153,349 (October 31, 2020 – $128,276) and the respective embedded derivative liability was $5,600 (October 31, 2020 – $26,800), resulting in a combined fair value of $158,949 (October 31, 2020 – $155,076). No fair value adjustment was made to the April 2021 Convertible Debenture.

[iv] On June 15, 2021, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of US$1,500,000 (the "June 2021 Convertible Debenture"). The June 2021 Convertible Debenture bears interest at 12% per annum and is matured on December 10, 2022. The June 2021 Convertible Debenture is convertible into common shares of the Company (the "Conversion Shares") at the price of US$0.10 prior to its maturity. For every Conversion Share issued, the following shall also be issued thereunder: (i) one-half of one Class A common stock purchase warrant, with each whole warrant being exercisable at a price of US$0.13 until June 10, 2026, and (ii) one-half of one Class B common stock purchase warrant, with each whole warrant being exercisable at a price of US$0.19 until June 10, 2026.

Sources and Uses of Cash

During YTD 2021, the Company experienced cash outflows of $1,757,407 (YTD 2020 – $2,543,201) from operating activities. Investing activities used cash of $506,414 during YTD 2021, while provided cash of $31,774 during YTD 2020 as there were proceeds of $50,000 from the sale of exploration and evaluation assets previously written off. Financing activities realized inflows of $2,297,824 (YTD 2020 – $3,428,877). Proceeds from the issuance of common shares, net of issue costs and advance share subscription receipts totaled $2,439,334 (YTD 2020 – $3,544,316). Also during YTD 2021, proceeds from the issuance of convertible debenture was $100,000 (YTD 2020 – $nil). As at April 30, 2021, the Company had debt of $nil (October 31, 2020 – $80,662) in the form of unsecured promissory notes bearing interest at 18%. During YTD 2021, the Company made repayments of the entire balance of principal and interest totaling $82,724 (YTD 2020 – $136,000). The Company also recorded the reduction of the lease liability in the amount of $126,738 (YTD 2020 – $39,439). Overall, cash increased by $34,003, as compared to $917,450 for the same period in the preceding year.

The Company is considered to be in the development stage. It has not yet achieved profitable operations and expects to incur further losses in the development of its business. The Company has financed its activities and operations through equity issuances and debt financing and expects to continue to do so to the extent such instruments are issuable under terms acceptable to the Company and until such time as its operations provide positive cash flows. 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

In March 2020, the World Health Organization declared COVID-19 a global pandemic. In order to combat the spread of COVID-19, governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. 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.

CAPITAL MANAGEMENT

The Company classifies the components of shareholders' equity as capital, which at April 30, 2021, was a deficiency of $2,30,457 (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 its business and technology development. 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 Company's goal is to be a low-cost producer of green, primary magnesium metal, a strategic commodity prized for its strength and light weight. The Company looks to use a continuous silicothermic process to produce magnesium, which significantly reduces labour and energy costs relative to current methods and processes, while being environmentally friendly. The Company focuses on plant operations and magnesium production and continues to move towards build-out of its first commercialized pilot plant. The Company is considered to be in the development stage and is dependent upon external financing to fund its activities. In order to carry out its business development activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. 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 April 30, 2021, the Company's financial instruments are comprised of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, due from/to related parties, and convertible debenture. The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of current financial instruments approximates their carrying values as long as they are short-term in nature or bear interest at market rates.

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents are valued using a market approach based upon unadjusted quoted prices for identical assets in an active market obtained from securities exchanges.

As at April 30, 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

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk on its cash on deposits with banks and, from time to time, on its holdings of short-term investments. As of April 30, 2021, the Company had $86,443 (October 31, 2020 − $52,701) of cash on deposits with banks. The Company had no short-term investment as at April 30, 2021 and October 31 2020. Given the level of cash and cash equivalents held by the Company, fluctuations in the market interest rates had no significant impact on its interest income during the period April 30, 2021.

[ii] Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts payable and accrued liabilities, and due from/to related parties that are denominated in US dollars. The Company has not entered into foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows.

Based on the Company net exposures as at April 30, 2021, assuming that all other variables remain constant, a 5% appreciation or deterioration of the Canadian dollar against the US dollar would result in an increase or decrease of $274,461 in the Company's net income (loss) and comprehensive income (loss).

[iii] Commodity price risk

The value of the Company's magnesium production business and its 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 and other government subsidy receivable. 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 deposited 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, as well as debt financing, will provide sufficient financial resources to carry out its operations through the current fiscal year. 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 Shares	$0.001	1,000,000,000	374,344,667

[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	7,400,214	$0.19	January 15, 2022
Warrants	5,382,303	$0.19	January 29, 2022
Warrants	1,505,200	$0.05	February 21, 2022
Warrants	6,554,172	$0.19	March 24, 2022
Warrants	1,482,025	$0.05	March 27, 2022
Warrants	851,395	$0.19	April 27, 2022
Warrants	2,368,626	$0.05	May 9, 2022
Warrants	710,000	$0.05	August 14, 2022
	35,496,897		

[iii] Summary of stock options issued and outstanding:

Security	Number	Number Exercisable	Exercise Price Range
Options	42,170,000	42,170,000	$0.05 to $0.16

OFF-BALANCE SHEET ARRANGEMENTS

As at April 30, 2021 and the date of this MD&A, the Company does not have material off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

[a] Due from related parties

During the period ended April 30, 2021, the Company provided advances to directors, officers and related companies with directors in common. The advances were expected for payments of the Company's commercialized pilot plant and other administrative expenses. As at April 30, 2021, balances on account from related parties were $279,793 (October 31, 2020 – $nil).

[b] Due to related parties

As at April 30, 2021, balances owing to related parties were $1,498,381 (October 31, 2020 – $1,124,025). They were unsecured and non-interest bearing, and had no stated terms of repayment. Of the amount, $439,189 was wages payable and $327,614 was vacation payable owing officers of the Company.

[b] Key management compensation

As at April 30, 2021, the Company had nine executives including Executive Chairman, Executive President and Chief Executive Officer, Chief Financial Officer, Chief Process Engineer, Senior Vice President of Business Development and Government

Affairs, Senior Vice President of Corporate Affairs, Senior Vice President of Strategy, Senior Vice President of Operations and Corporate Secretary. Their aggregate annualized compensation is approximately $2,470,000.

During the period ended April 30, 2021, the Company incurred salaries, management and consulting fees totaling $1,131,842 (2020 – $1,914,042) to directors, officers and related companies with directors in common. During the same period, the Company incurred share-based payments of $nil (2020 – $455,603) for options granted to directors and officers of the Company.

CONTINGENT LIABILITIES

[i] 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 US$0.003 per pound (US$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 current periods. 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.

[ii] 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 *[note 9[b][iv]]*. GEM claims that the Company has breached the agreement and is demanding the payment of $4,200,000. As at the current period end, 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.

[iii] 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 April 30, 2021, the Company had made aggregate payments of $51,401 (2020 – $Nil) to Mr. Halliday, reducing the provision accordingly.

COMMITMENTS

[i] On January 1, 2016, the Company signed a service agreement with Lodestar, a US corporate logistics company. 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 has been renewed under the same terms subsequently. The Company has agreed to compensate Lodestar in the amount of $2,500 per month by either cash or 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 common 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 period ended April 30, 2021.

[ii] The Company had a sublease agreement for office space in Canada with a lease term from April 1, 2019 to March 31, 2021. Monthly rent was $9,345. The sublease agreement was subsequently renewed with a lease term which expires on March 31, 2023. 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.

[iii] 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 $20,100 during the period ended April 30, 2020, and $nil during the period ended April 30, 2021.

[iv] 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 of 2% 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 April 30, 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.

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.

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 and six months ended April 30, 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.

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.

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.

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.