

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Period Ended April 30, 2018**

This management's discussion and analysis of Nevada Clean Magnesium Inc. (the "Company") contains analysis of the Company's operational and financial results for the period ended April 30, 2018. The following should be read in conjunction with the Company's consolidated financial statements for the period ended April 30, 2018 and the year ended October 31, 2017. All figures are in Canadian dollars unless otherwise stated.

**DATE OF REPORT**

June 22, 2018

**JURISDICTION OF INCORPORATION AND CORPORATE NAME**

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, and to Molycor Gold Corporation on May 17, 1996 and to Nevada Clean Magnesium Inc. on April 16, 2012. The Company is a reporting issuer in the provinces of British Columbia and Alberta. The Company's common shares trade on the TSX Venture Exchange under the symbol "NVM" and on the OTCQB market under the symbol "MLYFF" and on Frankfurt exchange under the symbol "M1V". The Company has one wholly owned subsidiary, Nevada Clean Magnesium USA, Inc. (former "Nevada Moray Inc.", name change on May 16, 2018), incorporated in the State of Nevada. Nevada Moray Inc. manages the exploration work on the Company's Nevada properties. The Company's head office is located at #602 – 15216 North Bluff Road, White Rock, British Columbia V4B 0A7.

**HIGHLIGHTS**

On November 06, 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 of dolime material. 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.

On January 11, 2018 the company responded to an inquiry by the OTC Markets regarding recent promotional activity respecting the Company's stock and issues this news release at their request.

**OUTLOOK**

The outlook for the Company is positive; however, the mining and metals investment sector for junior companies is slowly improving but the investment community is still very selective. The investment community shows interest in well planned and solid projects with a bright economic future such as ours but are 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 USA. In light of this, Management continues to endeavor to source funding and maintain a steady path for proceeding with the development of the Company's largest asset, being the Tami – Mosi magnesium project located in Nevada, which is being led by a proven, technically focused management team dedicated to taking the magnesium project to full development.

**MINERAL EXPLORATION PROJECTS**

**Analysis of mineral property costs**

|                                  | <b>Beaverdell<br/>Property</b> | <b>Silverado<br/>Property</b> | <b>Tami-Mosi<br/>Property</b> | <b>Total</b> |
|----------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------|
| <b>Balance, October 31, 2016</b> | \$ 1                           | \$ 1                          | \$ 1,445,158                  | \$ 1,445,160 |
| Foreign currency translation     | -                              | -                             | (56,426)                      | (56,426)     |
| Engineering                      | -                              | -                             | 17,549                        | 17,549       |
| License                          | -                              | -                             | 1,385                         | 1,385        |

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|                                  |             |             |                     |                     |
|----------------------------------|-------------|-------------|---------------------|---------------------|
| <b>Balance, October 31, 2017</b> | <b>1</b>    | <b>1</b>    | <b>1,407,665</b>    | <b>1,407,667</b>    |
| Foreign currency translation     | -           | -           | (6,223)             | (6,223)             |
| <b>Balance, April 30, 2018</b>   | <b>\$ 1</b> | <b>\$ 1</b> | <b>\$ 1,401,442</b> | <b>\$ 1,401,444</b> |

The Tami-Mosi property continues to be the primary core property on which the Company is focused.

**Nevada, USA Mineral Properties**

*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.

*Tami-Mosi Magnesium Property, Nevada*

The Company owns 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 consists of 81 unpatented mining claims totaling approximately 677 hectares and 4 quartz unpatented claims totaling approximately 33 hectares, and is subject to a 2% net smelter royalty in favor of the originating vendors.

The Company entered into an agreement with ScanMag AS ("ScanMag") on May 9, 2014 to form a joint venture whereby the Company will own 60% and ScanMag would purchase 40% of the Tami-Mosi property. On January 6, 2015, the Company renegotiated its joint venture agreement with ScanMag. On October 19, 2016, the Company granted an extension to the joint venture agreement and granted the next 6-month extension which lapsed December 18, 2016. On February 24, 2017, the joint venture agreement was terminated.

On August 22, 2007 the Company announced the start of a drill program. The program consists of up to 25 holes, totaling 15,000 feet (4500 meters) in 25 reverse circulation rotary holes to test four target areas along a strike length of more than 3 miles (5000 meters) as identified by the geological mapping, outcrop sampling, a biogeochemical survey and a resistivity/spontaneous potential geophysical surveys. The drilling program tested alluvium-covered extensions of known surface mineralized zones. All assays were received for the program which consisted of 14 reverse circulation holes totaling 8,420 feet (2,567 meters) being drilled into the four identified old bearing with minimum gold results. However, 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 27.5 meters (90 ft) grading 10.5% Mg (17.12% MgO), to 164.63 meters (540 ft) grading 11.4% Mg (18.60% MgO), reporting Mg values over 2,600 meter (8,500 ft) 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 9.2 meter (30 ft.) section of hole # TM 07- 13 from 270 – 300 feet (82.3 m – 91.5 m), 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 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<br>Sq.m. | HORIZ. m. | VOLUME<br>Cu.m. | TONNAGE Tonnes |            | GRADE<br>POUNDS<br>% Mg |               |
| 1                                   | 43500N        | 72,450    | 100             | 7,245,000      | 205,75,800 | .12                     | 5,486,331,312 |
| 2                                   | 43200N        | 78,378    | 100             | 7,837,800      | 22,259,352 | .62                     | 5,200,675,001 |

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|                                       |        |        |     |           |                    |              |                      |
|---------------------------------------|--------|--------|-----|-----------|--------------------|--------------|----------------------|
| 3                                     | 43100N | 58,873 | 100 | 5,887,300 | 16,719,932         | .16          | 3,737,239,201        |
| 4                                     | 4300N  | 62,513 | 100 | 6,251,300 | 177,53,692         | .22          | 4,772,902,557        |
| 5                                     | 42700N | 46,354 | 100 | 4,635,400 | 13,164,536         | .09          | 2,922,263,701        |
| 6                                     | 42600N | 64,290 | 100 | 6,429,000 | 18,258,360         | .19          | 3,691,475,225        |
| 7                                     | 42500N | 99,316 | 100 | 9,931,600 | 28,205,744         | 0.5          | 6,515,526,864        |
| 8                                     | 42000N | 29,483 | 100 | 2,948,300 | 8,373,172          | .16          | 1,871,571,405        |
| 9                                     | 4200N  | 65,001 | 100 | 6,500,100 | 18,460,284         | .02          | 4,475,511,253        |
| 10                                    | 41800N | 26,558 | 100 | 2,655,800 | 7,542,472          | .74          | 1,616,200,900        |
| 11                                    | 41800N | 16,897 | 100 | 1,689,700 | 4,798,748          | .38          | 1,201,414,549        |
| 12                                    | 41300N | 26,491 | 100 | 2,649,100 | 7,523,444          | .45          | 1,564,124,008        |
| 13                                    | 4100N  | 37,326 | 100 | 3,732,600 | 10,600,584         | .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         | 2,309,877,29         |
| <b>DILUTED TONNAGE AND GRADE</b>      |        |        |     |           | <b>236,183,772</b> | <b>10.00</b> | <b>51,748,568,01</b> |

**RESOURCE CALCULATION**

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

The Company engaged Hazen Research Inc. as 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 of dolomite.

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 the Tami-Mosi testing its purity. Hazen's initial assessment indicates the high-quality dolomite is an ideal basis for the production of magnesium based refractory's, 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 Nevada Clean Magnesium Inc. to develop to a full feasibility for exploiting the resource.

In December 2010, the Company engaged Wardrop, a Tetra Tech Company, to complete a Preliminary Economic Assessment for 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 for 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 412million 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 into 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 with the Regulators 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., President and Director 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,

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whereby low-grade waste heat is recovered during the operation of the proposed vertically integrated Tami-Mosi Magnesium project.

The paper suggests the following:

- Generate 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 43-101 technical report as of October 4, 2014 to address the comments raised by the BCSC relating to including an after-tax based-case scenario, providing certificates of only qualified persons for all sections of the report, ensuring that the requirements for the disclosure of historical estimates have been met, ensuring that sections of the report have been updated to provide the specific disclosure required by the BCSC, and ensuring that the section on mineral resources has been revised to provide clarity on what is an inferred resource and what is a mineral reserve. 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 potential 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 Nevada Clean Tami- Mosi Project had been sufficiently proven and thus should be considered for inclusion 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 Licence 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 licence, 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 February 06, 2017, the Company entered into a binding Memorandum of Understanding ("MOU") for the purposes of forming a technical joint venture with Big Blue Technologies LLC ("BBT"), of Broomfield, Colorado, USA. BBT is engaged in developing high temperature chemical processing solutions to aid in the manufacture of magnesium and other light- weight high performance materials. BBT is collaborating and expanding on research performed at the University of Colorado at Boulder on carbothermic reduction (the "BBT Process"), the subject of two patent applications. Both Parties expect to have a definitive agreement completed on or before August 1, 2017.

Both Parties have agreed to the following within the MOU:

1. BBT and NCMI's technical teams will collaborate to enhance each other's respective processes in order to try and achieve successful commercialization for earlier cash flow
2. NCMI will be BBT's industry partner
3. NCMI to provide BBT board positions and stock options

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4. NCMI will have first right of refusal to exclusivity and licensing of the BBT process
5. The BBT principals will provide their grant writing abilities to NCMI for potential research grants and US loan guarantees that are available for new magnesium metal projects within the United States
6. NCMI, through a revenue share agreement, will grant access of the Tami-Mosi magnesium property to BBT in order to commercialize its process
7. NCMI will issue 15% of the Company's total common shares issued as of January 1, 2017 to BBT released at increments of 5% per year over a 3-year period.

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 which is considered 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.

**British Columbia, Canada Mineral Properties**

*Beaverdell Property, Greenwood Mining Division*

The Beaverdell property is located 3 kilometers southeast of Beaverdell, British Columbia, and is owned 100% by the Company.

**SELECTED ANNUAL FINANCIAL INFORMATION**

The financial data presented below for the current and comparative periods was prepared in accordance with IFRS. The functional and reporting currency of the parent has been determined to be Canadian dollars. The functional currency of the subsidiary has been determined to United States dollars.

The selected annual information for the years ended October 31, 2017, 2016 and 2015.

| Years Ended:                     | October 31,<br>2017 | October 31,<br>2016 | October 31,<br>2015 |
|----------------------------------|---------------------|---------------------|---------------------|
| Revenues                         | \$ -                | \$ -                | \$ -                |
| Expenses                         | 935,457             | 683,958             | 919,995             |
| Other expenses (recovery)        | (48,840)            | (161,008)           | 379,393             |
| Net loss                         | 886,618             | 522,950             | 1,299,388           |
| Comprehensive loss               | 942,634             | 488,018             | 1,067,135           |
| Basic and diluted loss per share | (0.01)              | (0.00)              | (0.01)              |
| Total current assets             | 477,547             | 103,882             | 27,109              |
| Total assets                     | 1,997,079           | 1,552,542           | 1,421,001           |
| Total current liabilities        | 1,026,858           | 1,173,069           | 1,141,271           |
| Total long-term liabilities      | 385,775             | 427,625             | -                   |

**RESULTS OF OPERATIONS**

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The following financial data are derived from our consolidated financial statements for the period ended April 30, 2018.

**Six months ended April 30, 2018 and 2017**

The comprehensive loss for the period ended April 30, 2018 was \$486,584 which compares to \$456,877 in 2017. Net loss for the first six months of fiscal 2018 totaled \$480,183 and \$483,827 for the 2017. The significant fluctuations in costs are as follows:

*Consulting and management fees (2018 - \$193,636; 2017 - \$150,149)*

The increase in consulting and management fees is a result of engagement additional consulting companies compare to the same period in 2017.

*Office and general (2018 - \$37,089; 2017 - \$26,723)*

The increase in office and general the result of increased administrative activity in the Company.

*Travel (2018 - \$43,207; 2017 - \$8,372)*

In 2017, the Company's travel expenses increased by \$34,835 due to increased travel to furnace construction site.

*Foreign exchange loss on transaction with vendors (2018 - \$23,297; 2017 - \$885)*

The decrease in foreign exchange is due to FX rate fluctuation.

The above increases in expenses were partially offset by decreases in salaries, interest expense and foreign exchange gains.

*Interest Expense (2018 - \$17,500; 2017 - \$27,468)*

The decrease in interest expense is due to lower interest rate on convertible debentures outstanding in 2018.

*Salaries (2018 - \$19,091; 2017 - \$48,000)*

In 2018, the president of the Company reduced his salary.

*Stock based compensation (2018 - \$38,707; 2017 - \$131,321)*

1,100,000 stock options were granted in the first six months of 2018 and 3,500,000 stock options were granted in the same period of 2017.

**Financial Position – April 30, 2018 and 2017**

Current assets as at April 30, 2018 were \$269,705 compared to \$477,547 at October 31, 2017.

Exploration and evaluation assets decreased to \$1,401,444 on April 30, 2018 from \$1,407,667 as of October 31, 2017 of due to foreign exchange fluctuation.

Current liabilities as at April 30, 2018 increased by net \$65,288 over October 31, 2016.

Additional information on share issuances is contained under "*Liquidity and Capital Resources*".

**Summary of Quarterly Results**

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

| Quarters ended:                  | April 30,<br>2018 | January 31,<br>2018 | October 31,<br>2017 | July 31,<br>2017 |
|----------------------------------|-------------------|---------------------|---------------------|------------------|
| Comprehensive loss               | \$208,210         | \$278,375           | \$ 194,243          | \$ 235,498       |
| Basic and diluted loss per share | \$0.00            | \$0.00              | \$0.01              | \$ 0.00          |
| Quarters ended:                  | April 30,<br>2017 | January 30,<br>2016 | October 31,<br>2016 | July 31,<br>2016 |
| Comprehensive loss               | \$282,689         | \$174,188           | \$ (54,775)         | \$ 118,382       |
| Basic and diluted loss per share | \$0.00            | \$0.00              | \$ 0.00             | \$ 0.00          |

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

**Three months ended April 30, 2018 and 2017**

During the second quarter of 2018, the Company reported a \$267,35 loss and \$208,210 comprehensive loss respectively vs \$339,942 of loss and \$282,689 comprehensive loss for the second quarter of 2017.

The major decreases were \$92,614 of non-cash share-based compensation expense for the options granted in 2018 vs 2017; \$30,413 in consulting and management fees; and \$13,909 in salaries due to reduction in president's salary. These decreases were offset by \$28,644 foreign currency loss on transactions with subsidiary and increased travel expenses by \$20,184.

**LIQUIDITY AND CAPITAL RESOURCES**

| <b>Period ended:</b>                     | <b>April 30, 2018</b> | <b>October 31, 2017</b> |
|--|-----------------------|-------------------------|
| <b>Current assets</b>                    | <b>\$ 269,705</b>     | <b>\$ 477,547</b>       |
| <b>Exploration and evaluation assets</b> | <b>1,401,444</b>      | <b>1,407,667</b>        |
| <b>Equipment</b>                         | <b>110,852</b>        | <b>108,365</b>          |
| <b>Reclamation bonds</b>                 | <b>3,500</b>          | <b>3,500</b>            |
| <b>Current liabilities</b>               | <b>1,092,147</b>      | <b>1,026,858</b>        |
| <b>Long term liabilities</b>             | <b>403,275</b>        | <b>385,775</b>          |
| <b>Shareholders' equity (deficiency)</b> | <b>289,068</b>        | <b>584,445</b>          |
| <b>Working capital deficiency</b>        | <b>(822,442)</b>      | <b>(549,311)</b>        |

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. There can be no assurance the Company will be able to obtain required financing in the future on terms acceptable to the Company. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, which will be derived from the exercise of stock options and warrants, and/or private placements.

As at April 30, 2018, the Company had a cash balance of \$253,857(October 31, 2017 - \$380,961) and a working capital deficiency of \$822,442 compared to working capital deficiency of \$549,311 as at October 31, 2017.

Operating activities used cash of \$274,327 during the period ended April 30, 2018, compared to \$385,250 in 2017.

During the year, \$2,777 was used on furnace engineering.

The Company collected \$150,000 in subscription received for the private placement closed on May 7, 2018.

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.

**SUBSEQUENT EVENTS**

On May 7, 2018, the Company closed a non-brokered private placement for gross proceeds of \$155,000 comprising 3,100,000 units at a price of \$0.05. Each unit consists of one common share and one common share purchase warrant Each warrant will be exercisable into one common share for a period of two years at a price of \$0.07. The securities issued in connection with this private placement will be subject to a hold period expiring four months and one day from the date of issuance of the securities. As of April 30, 2018, \$150,000 of share subscription was received for this private placement.

On May 31, 2018, the Company entered into an agreement with John Ulmer for Investor Relations. Under the terms of the agreement, Mr. Ulmer will receive \$1500 per month for 6 months and 300,000 options of the Company at a price of \$0.05.

On June 6, 2018, the Company issued 250,000 shares to Lodestar for the services provided

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**USE OF PROCEEDS FROM FINANCING**

| <b>Date of financing and planned use of proceeds</b> | <b>Actual use of proceeds</b>                                  |
|--|--|
| 2017 financing: \$652,573                            | Funds used for general working capital and furnace engineering |
| 2017 financing: \$78,500                             | Funds used for general working capital and furnace engineering |

**COMMITMENTS**

On April 7, 2017, the Company signed an operating and storage agreement with Industrial Surplus Supplies Ltd. ("ISS") located in Fort St. John, British Columbia. The agreement provides the Company with a facility to operate and later store the bench scale pilot furnace which is scheduled to process materials needed to produce magnesium metal for proof of concept of the Company's process. The agreement also allows for storage of not less than one year with compensation being the issuance of 1,500,000 shares of the Company, which were issued on February 5, 2018 and have been recorded as an obligation to issue shares at October 31, 2017 with a fair value of \$75,000.

On January 1, 2016, the Company signed a service agreement with Lodestar Management Group, LLC. ("Lodestar"), a US corporate logistics company. Lodestar will provide 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. 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. On January 1, 2017, this agreement was extended for another year with the same terms. The Company issued 550,000 shares October 31, 2017 and 50,000 shares on March 29, 2018, at a price of \$0.05 in accordance to this contract. Subsequently, on June 6, 2018, the Company issued another 250,000 shares at a price \$0.05.

**Convertible notes**

On August 10, 2017, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of \$220,000. The note bears interest at 10% 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 a price of \$0.05 per share and any accrued but unpaid interest thereon convertible into shares at the price which is the greater of \$0.05 and the market price on the date of the conversion notice. The Company has allocated \$18,333 of the proceeds to the equity component of these convertible notes. As of April 30, 2018, \$15,942 (October 31, 2017 - \$4,942) of interest was accrued on these notes.

On October 31, 2017, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of \$200,000. The note bears interest at 7.5% 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 a price of \$0.05 per share and any accrued but unpaid interest thereon is convertible into shares at the price which is the greater of \$0.05 and the market price on the date of the conversion notice. The Company has allocated \$20,834 of the proceeds to the equity component of these convertible notes. As of April 30, 2018, \$7,500 of interest was accrued on these notes.

**Capital Stock**

As at April 30, 2018 and the date of this report, the Company had 179,868,508 and 183,218,508 common shares issued and outstanding, respectively.

On February 5, 2018, the Company issued 1,500,000 shares on March 29, 2018, 50,000 shares and on June 6, 2018, 250,000 shares at a price of \$0.05 for the services provided to the Company.

On May 7, 2018, the Company closed a non-brokered private placement for gross proceeds of \$155,000 comprising 3,100,000 units at a price of \$0.05. Each unit consists of one common share and one common share purchase warrant. Each warrant will be exercisable into one common share for a period of two years at a price of \$0.07. The securities issued in connection with this private



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placement will be subject to a hold period expiring four months and one day from the date of issuance of the securities.

**Warrants**

As at April 30, 2018 and the date of this report, the Company had outstanding share purchase warrants enabling the holder to purchase 19,165,086 and 20,925,086 common shares of the Company, respectively, with a weighted-average exercise price of \$0.05 per share.

As at April 30, 2018, the following common share purchase warrants were outstanding:

| <b>Expiry date</b>            | <b>Exercise price</b> | <b>WARC life (years)</b> | <b>October 31, 2017</b> | <b>Granted</b> | <b>Exercised</b> | <b>Expired/Cancelled</b> | <b>April 30, 2018</b> |
|-------------------------------|-----------------------|--------------------------|-------------------------|----------------|------------------|--------------------------|-----------------------|
| December 29, 2017             | \$ 0.05               | -                        | 1,280,000               | -              | -                | 1,280,000                | -                     |
| February 17, 2018             | \$ 0.05               | 0.05                     | 2,190,000               | -              | -                | 2,190,000                | -                     |
| May 7, 2018*                  | \$ 0.05               | 0.26                     | 1,340,000               | -              | -                | -                        | 1,340,000             |
| October 28, 2018              | \$ 0.05               | 0.74                     | 1,000,000               | -              | -                | -                        | 1,000,000             |
| September 20, 2018            | \$ 0.05               | 0.64                     | 400,000                 | -              | -                | -                        | 400,000               |
| December 22, 2018             | \$ 0.05               | 0.89                     | 1,640,000               | -              | -                | -                        | 1,640,000             |
| February 21, 2022             | \$ 0.05               | 4.06                     | 2,005,200               | -              | -                | -                        | 2,005,200             |
| March 27, 2022                | \$ 0.05               | 4.15                     | 4,205,000               | -              | -                | -                        | 4,205,000             |
| May 9, 2022                   | \$ 0.05               | 4.27                     | 7,104,886               | -              | -                | -                        | 7,104,886             |
| August 14, 2022               | \$ 0.05               | 4.54                     | 1,470,000               | -              | -                | -                        | 1,470,000             |
| <b>TOTAL</b>                  |                       |                          | <b>22,635,086</b>       | <b>-</b>       | <b>-</b>         | <b>3,470,000</b>         | <b>19,165,086</b>     |
| <b>Weighted average price</b> |                       |                          | <b>\$ 0.05</b>          | <b>\$ -</b>    | <b>\$ -</b>      | <b>\$ 0.05</b>           | <b>\$ 0.05</b>        |

Subsequently, 1,340,000 warrants at a price of \$0.05 expired and 3,100,000 at a price of \$0.07 issued.

**Stock Options**

As at April 30, 2018 and the date of this report, the Company had outstanding stock options enabling the holder to purchase 22,760,000 common shares of the Company.

As at April 30, 2018, the following options were outstanding:

| <b>Expiry date</b>            | <b>Exercise Price</b> | <b>WARC Life</b> | <b>Number of options</b> | <b>Granted</b>   | <b>Exercised</b> | <b>Expired/Cancelled</b> | <b>Number of options</b> |
|-------------------------------|-----------------------|------------------|--------------------------|------------------|------------------|--------------------------|--------------------------|
|                               | <b>\$</b>             | <b>(years)</b>   | <b>October 31, 2017</b>  |                  |                  |                          | <b>April 30, 2018</b>    |
| August 12, 2018               | 0.05                  | 0.53             | 4,010,000                | -                | -                | -                        | 4,010,000                |
| January 9, 2019               | 0.11                  | 0.94             | 5,700,000                | -                | -                | -                        | 5,700,000                |
| May 9, 2019                   | 0.08                  | 1.27             | 400,000                  | -                | -                | -                        | 400,000                  |
| May 29, 2019                  | 0.08                  | 1.32             | 1,100,000                | -                | -                | (300,000)                | 800,000                  |
| June 3, 2020                  | 0.05                  | 2.34             | 2,250,000                | -                | -                | -                        | 2,250,000                |
| February 11, 2021             | 0.05                  | 3.03             | 1,600,000                | -                | -                | -                        | 1,600,000                |
| August 16, 2021               | 0.05                  | 3.54             | 2,000,000                | -                | -                | -                        | 2,000,000                |
| March 27, 2022                | 0.05                  | 4.15             | 3,500,000                | -                | -                | -                        | 3,500,000                |
| May 1, 2022                   | 0.05                  | 4.25             | 1,100,000                | -                | -                | -                        | 1,100,000                |
| May 24, 2019                  | 0.05                  | 1.31             | 300,000                  | -                | -                | -                        | 300,000                  |
| April 19, 2023                | 0.05                  | 4.97             | -                        | 1,100,000        | -                | -                        | 1,100,000                |
| <b>TOTAL</b>                  |                       |                  | <b>21,960,000</b>        | <b>1,100,000</b> | <b>-</b>         | <b>(300,000)</b>         | <b>21,960,000</b>        |
| <b>Weighted average price</b> | <b>\$</b>             |                  | <b>0.07</b>              | <b>\$ 0.05</b>   | <b>\$ -</b>      | <b>\$ 0.08</b>           | <b>\$ 0.07</b>           |

**OFF-BALANCE SHEET ARRANGEMENTS**

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The Company does not have material off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

**Key management compensation**

Key management includes the Company's directors and officers and their related companies, as included in the table below. Compensation to key management for the period ended April 30, 2018 and October 31, 2017 is summarized as follows:

|                      | <b>April 30, 2018</b> | <b>October 31, 2017</b> |
|----------------------|-----------------------|-------------------------|
| Fees                 | \$ 155,591            | \$ 275,526              |
| Share-based payments | -                     | 121,941                 |
| <b>Total</b>         | <b>\$ 155,591</b>     | <b>\$ 397,467</b>       |

At April 30, 2018, the Company entered into the following related party transactions:

|  | <b>Nature of Transactions</b> | <b>Incurred during period ended April 30, 2018</b> | <b>Incurred during period ended April 30, 2017</b> | <b>Balance payable at April 30, 2018</b> | <b>Balance payable at October 31, 2017</b> |
|--|-------------------------------|--|--|--|--|
| Chief executive officer, director            | Salary                        | \$ 19,091  | \$ 48,000  | \$ 112,089                               | \$ 219,392                                 |
| President, chief operating officer, director | Fees                          | 102,000  | 55,944   | 582,827                                  | 463,392                                    |
| Corporate secretary                          | Fees                          | 9,000  | 9,000  | 1,575                                    | -  |
| Chief financial officers, Director           | Fees                          | 25,500   | 30,250   | 50,150                                   | 39,250                                     |
| Director                                     | Fees                          | -  | -  | -  | 1,786                                      |
|  |                               | <b>\$ 155,591</b>                                  | <b>\$ 143,194</b>                                  | <b>\$ 746,641</b>                        | <b>\$ 723,820</b>                          |

The balances referred to above are non-interest bearing, unsecured, receivable or payable on demand with no specific terms for repayment and have arisen from the provision of services and expense reimbursements or advances described.

**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 condensed consolidated interim 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 condensed consolidated interim 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.

**NEW ACCOUNTING STANDARDS**

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our Consolidated Financial Statements for the year ended October 31, 2017.

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**CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of precious metal properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

The properties to which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund on-going activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend 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 where sufficient geologic or economic potential are noted and if financial resources exist to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

**Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, GST receivable, marketable securities, reclamation bond, accounts payable and accrued liabilities, and payable to related parties.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

**Financial instrument risk exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

**Credit risk**

The Company's main exposure to credit risk relates to its cash. Cash balances are held in Canadian and US chartered banks. The Company determined that it has limited exposure to credit risk related to receivables since these amounts are not material.

**Liquidity risk**

The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at April 30, 2018, the Company had cash of \$204,418 to settle current liabilities of \$1,034,346 which fall due for payment within twelve months of the statement of financial position date. The Company's cash is invested in business accounts which are available on demand. Management has determined that the Company will require additional financing to meet its obligations during fiscal 2018, and is actively engaged in raising funds via a private placement of units and convertible notes.

**Market risk**

The market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rate fluctuations. This is not a significant risk to the Company.

**Foreign exchange risk**

The Company's exposure to fluctuations in foreign exchange rates is limited.

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**OTHER RISK FACTORS**

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 labour, 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 acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims and concessions. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

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.

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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.

**INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

**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](http://www.sedar.com).

**APPROVAL**

The board of directors has approved the disclosure contained in this MD&A.

**CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Nevada Clean Magnesium Inc. does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

**MANAGEMENT**

The following comprise key management and directors:

Edward Lee – Chief Executive Officer, Director  
James Sever – President, Chief Operating Officer, Director  
Lisa Maxwell – Corporate Secretary  
Dennis Mee - Chief Financial Officer  
Steve Thorlakson – Independent Director

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Robert Brown – Independent Director  
Jeff Wilson – Independent Director  
Scott Rowe – Independent Director  
Boris Chubukov – Independent Director  
Aaron Palumbo – Independent Director