

MONTHLY PROGRESS REPORTName of Listed Issuer: **MGX Minerals Inc.** (the "Issuer").Trading Symbol: **XMG**Number of Outstanding Listed Securities: **56,700,000**Date: **January 6, 2017**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On December 5, 2016, the Issuer announced assay results from infill and extension drilling at its flagship Driftwood Creek magnesium deposit ("Driftwood Creek"), as further described in Item 2 below.

On December 8, 2016, the Issuer announced that it has entered into a water sampling and analyses agreement (the "Agreement") with the operating oil company (the "Operator") of the Sturgeon Lake oilfield ("Sturgeon Lake" or the "Property"), as further described in Item 2 below.

On December 15, 2016, the Issuer announced that it has acquired 11 additional Metallic and Industrial Minerals Permits (the "Permits") covering an additional 91,610.02 hectares in the Province of Alberta, as further described in Item 2 below.

2. Provide a general overview and discussion of the activities of management.

On December 5, 2016, the Issuer announced assay results from infill and extension drilling at Driftwood Creek in British Columbia. The Phase III drill program followed recommendations from the National Instrument (“N.I”) 43-101 compliant mineral resource estimate totaling 8.3 million tonnes grading 43.3% Magnesium Oxide (“MgO”).

The Phase III drill program completed 16 holes totaling 1,211.5 meters in the East and West zones at Driftwood Creek. Drill holes were spaced at 50 meter intervals with nine holes located in the East zone and seven holes in the West zone. Significant intercepts from the drill program include:

- 85 meters of 41.6% MgO in hole 16-1 (East zone)
- 46.5 meters of 43.8% MgO in hole 16-7 (East zone)
- 55.5 meters of 43.5% MgO in hole 16-10 (West zone)
- 56 meters of 42.9% MgO in hole 16-11 (West zone)
- 120 meters of 42.0% MgO in hole 16-13 (West zone)
- 107 meters of 42.1% MgO in hole 16-14 (West zone)

The purpose of the infill drill program was to prove up the continuity and thicknesses of magnesite mineralization within the East and West zones. Additionally, management is encouraged by results from drill holes that were placed along potential lateral extensions of the deposit, suggesting room for expansion along strike. New assay data will now be used to prepare an updated mineral resource estimate as part of the upcoming N.I. 43-101 compliant Preliminary Economic Assessment (“PEA”) for Driftwood Creek, which is currently underway.

A summary of selected assay results is shown below:

DDH	From (m)	To (m)	Interval (m)	MgO%	CaO%	SiO2%	L.O.I. %	Total %
16-1	0.1	27.0	26.9	40.7	1.1	8.6	46.1	99.4
16-2	9.0	94.0	85.0	41.6	1.5	7.9	46.2	100.0
16-3	1.0	27.0	26.0	43.2	2.0	4.8	4.8	99.9
16-3	51.0	87.0	36.0	43.7	1.3	4.4	48.3	100.0
16-4	9.0	51.0	42.0	41.7	1.3	8.3	46.0	99.9
16-4	60.0	78.0	18.0	42.0	0.8	8.4	46.1	100.2
16-5	0.1	46.0	45.9	41.3	1.2	7.9	46.5	99.8
16-6	0.1	45.0	44.9	43.1	0.9	5.6	47.9	100.2
16-7	1.5	48.0	46.5	43.8	1.0	3.7	49.3	100.0
16-8	0.5	30.0	29.5	42.5	1.4	5.2	48.3	100.1
16-10	1.5	57.0	55.5	43.5	0.6	4.8	48.1	100.0
16-11	9.0	65.0	56.0	42.9	1.6	5.6	47.4	100.0
16-12	0.1	18.0	17.9	43.7	0.5	5.1	48.3	100.0
16-12	27.0	69.0	42.0	43.4	0.6	5.2	47.0	100.2
16-13	1.0	27.0	26.0	42.4	1.4	5.7	47.6	100.0
16-13	45.0	165.0	120.0	42.0	0.7	11.2	42.6	100.1
16-14	1.0	108.0	107.0	42.1	1.3	7.4	45.7	100.0
16-15	6.0	30.0	24.0	39.5	0.6	14.1	44.2	100.0
16-16	0.5	80.0	79.5	42.4	2.1	3.8	48.6	99.8

The East zone has now been drill tested over an area of 450x200 meters and the West zone over an area of 650x200 meters. Magnesite is the most common rock type encountered in drill holes. Minor dolomite, argillaceous dolomite and quartzite rock types are also encountered in drill holes. Magnesite zones are characterized by solid, competent rock with relatively high rock quality designation.

Quality Assurance / Quality Control

The sample chain of custody is managed by the Issuer under the supervision of Mr. Andris Kikauka. Drill core is split at three meter intervals, secured in a nearby storage facility and shipped to ALS Minerals ("ALS"). Blanks and standards are used for data verification purposes. ALS is an independent, ISO-certified analytical laboratory located in North Vancouver, British Columbia. ALS conducts whole-rock analysis using a lithium borate fusion process to calculate oxide equivalent values.

On December 8, 2016, the Issuer announced it has entered into an Agreement with the Operator of Sturgeon Lake. The Agreement covers water sampling at the wellhead and central collection points and lays the groundwork for future cooperation between the Issuer and the Operator at Sturgeon Lake.

The Property is located directly south and west of the Town of Valleyview, approximately 85 kilometers east of the city of Grande Prairie and 270 kilometers' northwest of the capital city of Edmonton, Alberta. The Issuer holds 15 contiguous Industrial and Metallic Mineral Permits encompassing 132,773.74 hectares (328,091.06 acres).

The mineral permits overlie the Sturgeon Lake oilfield, which has been producing hydrocarbons since the mid-1950s from the Devonian Leduc Formation at depths of approximately 2,500 m to 3,100 m below surface. Metallic mineralization on the property consists of lithium-enriched formation water, or brine, that is hosted in aquifers within Devonian Leduc Formation carbonate reef complexes.

Historical 1990's to 2010's government studies reported that brine geochemical fluid data from the Devonian aquifers associated with the Leduc Formation have anomalous values of lithium (e.g., greater than 75 mg/L and up to 140 mg/L lithium) along with other elements (e.g., potassium; boron; and bromine).

In 2011, Lithium Exploration Group Inc. sampled and analyzed brine from 60 separate wells within the Sturgeon Lake oilfield (and within the boundaries of the permit area acquired by the Issuer). Of the 62 brine samples collected, 47 were collected from the Leduc Formation. Other samples included brine from: Mississippian (1 sample from Banff), Triassic (11 samples from Montney, Spray River and undefined), Jurassic (1 sample from Nordegg) and Cretaceous (2 samples from Wapiabi, Gething) strata.

The analytical results showed that the Devonian Leduc aquifer contains brine that is significantly enriched in lithium in comparison to the Triassic to Cretaceous brine. Lithium Exploration Group Inc. reported that the Leduc Formation brine from the Sturgeon Lake oilfield contained up to:

- 83.7 mg/L lithium (average 67 mg/L lithium);
- 6,470 mg/L potassium (average 4,641 mg/L potassium);
- 137 mg/L boron (average 114 mg/L boron); and
- 394 mg/L bromine (average 394 mg/L bromine); note: one mg/L is equal to one ppm).

These values supported and confirmed the government published lithium-enriched formation waters within the boundaries of the Sturgeon Lake Property. Lithium Exploration Group Inc.'s historical brine sampling and chemical analysis, which was overseen by APEX Geoscience Ltd., was conducted by Maxxam Environmental ("Maxxam") of Edmonton, Alberta. Maxxam is an accredited laboratory with the Standards Council of Canada (Laboratory No. 160; valid to 2019-03-06) and with the Canadian Association for Laboratory Accreditation (Membership No. 2996; valid to 2017-06-08), where Maxxam's standard conforms to requirements of ISO/IEC 17025.

Sturgeon Lake represents a primary candidate for deployment of a pilot plant test unit now under construction.

On December 15, 2016, the Issuer announced that it has acquired 11 additional Permits covering an additional 91,610.02 hectares in the Province of Alberta.

The Permits cover the Redwater and Swan Hills oilfields, which were acquired based on compilation of historic exploration for lithium, oil and gas well brine production data, and known geology. Both areas contain significant daily volumes of oil field brine production from the primary lithium bearing brine formations in Alberta.

In aggregate, the Issuer now holds Permits covering over one million barrels per day of brine production by various oil field operators throughout the Province, including some of the highest levels of lithium bearing brine, up to 140mg/L, as reported in the Provincial Industrial Minerals database (1).

The Issuer currently has exploration level agreements including well water testing, bulk water testing (centralized) and water analyses with major oil companies throughout the Province.

These oilfields produce excessive amounts of brine in comparison to petroleum due to their mature nature, which requires increased pumping to produce crude oil. The brine is considered a waste product as it is presently treated to separate and remove petroleum products and then reinjected back down into subsurface formations. The Issuer continues to work in cooperation with existing oilfield operators to leverage existing infrastructure.

Field Testing Completed at Sturgeon Lake

The Issuer also announces that as a result of the recent water testing and analyses agreement signed with the oil field operator, testing of 10 wells and 2 centralized water batteries has been completed at Sturgeon Lake. The centralized water battery testing is for the purpose of bulk sampling 400 liters of brine. This brine will be run through the bench scale pre-treatment and mineral extraction processes developed by the Issuer and water purification partner PurLucid Treatment Solutions. The Sturgeon Lake property is a prime candidate for pilot plant deployment. Data from the bulk sampling will be used for final specifications of the mineral extraction components of the pilot plant. The pre-treatment and water purification portion of the pilot plant is complete. This pre-treatment section removes all oil and physical particulate, allowing steady flow of low impurity feedstock to the mineral extraction process. The Issuer recently announced that in partnership with PurLucid Treatment Solutions Inc., the pilot plant is 50% complete.

(1) All assays referenced are as reported by Alberta Geological Service.

Table 1. MGX Minerals Alberta Lithium Portfolio

Area	Hectares
FBV/Stettler	8,408.12
Stettler/Erskine	4,699.43
Wimborne	4,928.80
Haynes/Erskine	4,224.00
Homeglen Rimbey	19,417.65
Bonny Glen	9,383.90
Leduc	13,744.00
Redwater	36,624.00
Buck Lake	50,653.40
Fox Creek	25,430.32
Fox Creek West	17,021.10
Swan Hills	72,906.02
Sturgeon Lake	132,773.74
Lower Smoky River	8,741.76
Lesser Slave Lake	9,216.00
Utikuma Lake	9,216.00
Upper Smoky River	9,216.00
Pouce Coupe	9,216.00
Sand Lake	33,923.20
Clear Lake	7,136.00
TOTAL	486,879.44

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Please see Item 2 above.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Issuer has entered into an Agreement with the Operator of the Sturgeon Lake oilfield. The Operator is a non-related party of the Issuer.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Please see Item 2 above.

8. Describe the acquisition of new customers or loss of customers.

None.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

None.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None.

14. Provide details of any securities issued and options or warrants granted.

None.

15. Provide details of any loans to or by Related Persons.

N/A.

16. Provide details of any changes in directors, officers or committee members.

N/A.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

N/A.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 6, 2017.

Jared Lazerson
Name of Director or Senior Officer

"Jared Lazerson"
Signature

President and CEO
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
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