
Analyst Ideas of the Week – MGX pursuing a brokered private placement

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MGX Minerals pursuing a brokered private placement

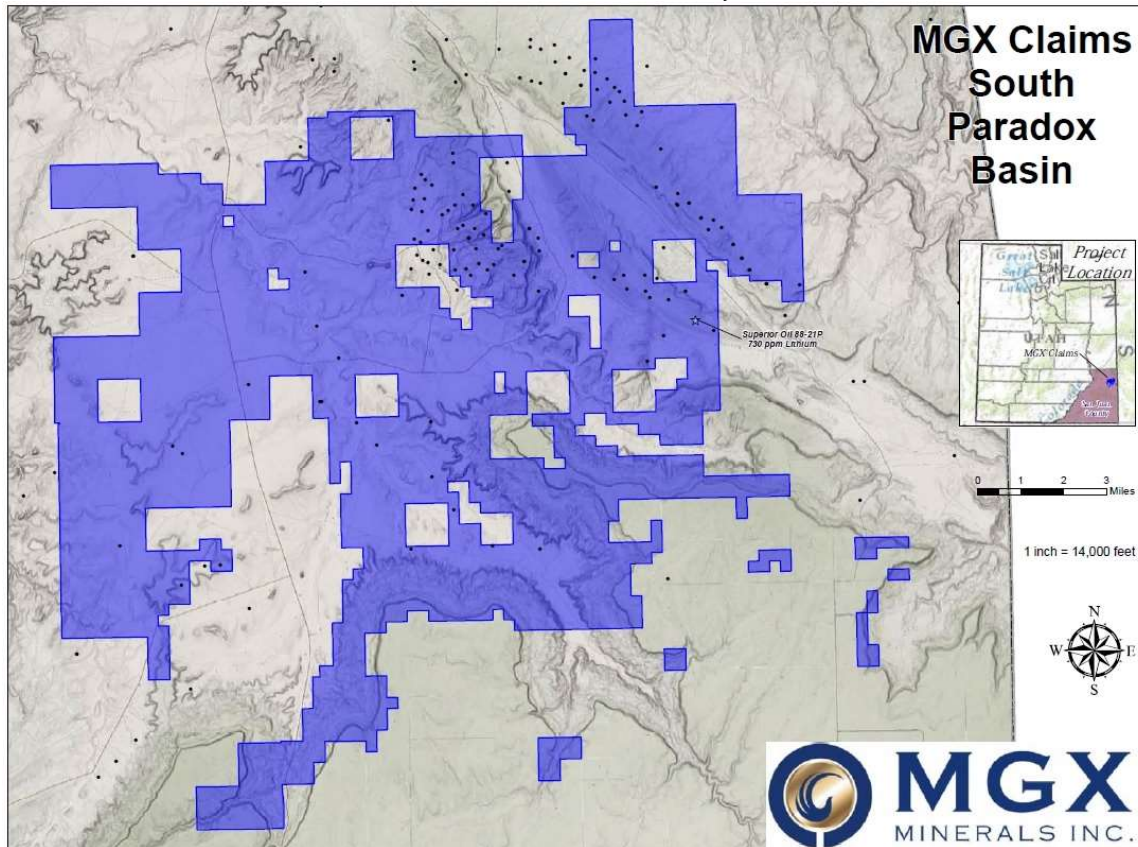
MGX Minerals (CSE: XMG) holds a diversified portfolio of projects across three key commodities – magnesium, lithium and silicon. The company is headed by Jared Lazerson. A brief biography follows below:

Mr. Lazerson has worked in the mining and technology industries since 1994, with companies including Osprey Systems (GPS and Digital Mapping), United Helicopters, Copper Island Mines and Manto Resources. Mr. Lazerson holds a BA in International Relations from the University of Pennsylvania.

The company has high-grade lithium brine properties covering approximately 600,000 hectares, and is currently the largest lithium brine land holder in Canada. The company also has agreements in place with major oil and gas companies to conduct well sampling. In addition, the company controls several oil and gas leases and mineral claims in Utah.

The following map show the claims:

MGX Minerals' Cumulative Lisbon Valley Mineral Claims



MGX's lithium brine claims exceed 1.7 million acres.

The company expects to complete a project scoping study and is currently planning drilling and operation of multi - zone wells optimized for maximum flow of oil, gas, lithium and magnesium brine.

MGX has the right to acquire a patent pending process for the extraction of lithium and other valuable minerals from oil brine. The technology is estimated to reduce production time compared with conventional lithium brine production times that use solar evaporation. We consider this as an exciting aspect of MGX as the technology, if proven successful, could bring in significant upside – either through licensing to other parties or potential JV / acquisition. On January 3, 2017, MGX announced that they have successfully extracted lithium from heavy oil wastewater.

MGX's other assets are listed below:

- The Driftwood Creek Magnesium project, located in southeastern British Columbia ("B.C."), is the most advanced in the portfolio. The company has secured a 20-year Mining Lease. A recent NI 43-101 resource estimate reported a measured and indicated resource of 8.03 Mt at 43.31% magnesium oxide (MgO), and an inferred resource of 0.85 Mt at 43.20% MgO. A significant portion of the resource is located less than 100 meters from surface. The company believes that there are opportunities to expand the resource along strike and at depth with additional drilling. A 100 tonne bulk sample was recently completed.
- The company has three high grade silicon projects in B.C. MGX intends to conduct additional metallurgical work on these projects to identify potential end-uses.

Insiders own 25% of the approximately 62.13 million shares outstanding. The company is currently pursuing a brokered financing of up to \$5 million with Mackie Research Capital Corp. The financing was originally announced in March. The offering is priced at \$1.20 per unit. Each unit consists of a common share and a share purchase warrant (exercise price of \$1.55 per share for two years).

We expect regular news flow, which will serve as catalysts for the share price. We will be initiating coverage on MGX shortly.

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