

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 1 of 19**

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 three and nine months ended July 31, 2014. The following should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine months ended July 31, 2014. All figures are in Canadian dollars unless otherwise stated.

**DATE OF REPORT**

September 26, 2014

**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". The Company has one wholly owned subsidiary, Nevada Moray Inc., 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**

In March 2013, James Sever, P. Eng., presented his peer-reviewed publication entitled "Waste Heat Recovery Opportunities in a Magnesium Silicothermic Reduction Plant" at the TMS 2013 142nd Annual Meeting and Exhibition held in San Antonio, Texas. The study is premised on the base case configuration of the Preliminary Economic Assessment Report completed for the Company's Tami – Mosi Magnesium Project. The study identifies and discusses the three main benefits of using the waste heat recovery method: (i) possible reduction in the operating cost per pound of magnesium produced, (ii) additional power production from heat recovery, and (iii) substantive reductions of CO<sub>2</sub> emissions. The acceptance of the study by TMS is a further validation of the steps that the Company has taken in adopting a best-practices approach to the designing, planning and budgeting of a state-of-the-art benchmark facility that has the potential to produce zero waste, near-zero emissions and be globally competitive while producing in the United States.

In October 2013, the Company entered into an agreement with ScanMag AS ("ScanMag") to form a joint venture whereby the Company will own 60% and ScanMag will own 40% of the Company's Tami-Mosi property. In exchange for this interest, ScanMag will pay the Company \$5,000,000 USD in cash (\$150,000 USD paid) on or before October 14, 2014 and will issue the Company a 7% equity stake in ScanMag. Further, the Company will issue to ScanMag shares of its common stock equal to 19% of the total issued and outstanding common stock at the time the monies are received, and ScanMag will have the right to appoint one representative to the Company's board of directors. The signing of the agreement was completed on May 9, 2014. The transaction was conditionally approved by the TSX Venture Exchange in July 2014.

During the nine months ended July 31, 2014, the Company added Don Stirling an electrical and instrumentation expert to the Technical Advisory Committee. Annie Storey, CPA, CA, and chief financial officer of the Company, was appointed to the Board of Directors. Subsequent to July 31, Jeff Wilson was also appointed to the Board of Directors, and Dan Koyich resigned from the Board of Directors and has been appointed to the technical advisory committee.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 2 of 19**

Also during the period, the Company also raised proceeds of \$373,800 from the exercise of warrants, and granted 8,360,000 stock options to directors, officers and advisors, exercisable at \$0.11, and \$0.08 per share, vesting immediately and expiring in five years.

In January 2014, the Company's Board of Directors approved a change of the Company's auditors. At the request of the Company, DeVisser Gray LLP resigned as auditor of the Company effective January 22, 2014. The Company's Board of Directors has appointed Dale Matheson Carr-Hilton Labonte LLP as the successor auditor, effective January 22, 2014.

In April 2014, the Company announced the engagement of New York City-based Crucible Capital Group, Inc. to serve as the Company's exclusive corporate finance advisor and investment banking firm for a fee of \$5,000 per month. 750,000 common shares and 250,000 warrants, exercisable at \$0.08 for a period of two years, were issued pursuant to this contract. Additional fees will be payable upon successful debt or equity financing.

In May 2014, the Company announced the engagement of Kaye Wynn Consulting Inc. of Vancouver to provide investor relations for the Company for a period of three months for a fee of \$4,000 per month. In addition, the Company issued 400,000 options exercisable at a price of \$0.08 for a period of five years.

In connection with the signing of the Joint Venture agreement with ScanMag AS, in May 2014 the Company placed Lothar Maruhn, Chairman and Chief Executive Officer of ScanMag AS, to the Company's Board of Directors, and Dr. Finn Nordmo, ScanMag's CTO and Project Manager, to Nevada Clean's Technical Advisory Board. The Company also announced the appointments of Britt Bell and Daniel Hentges to the Company's Technical Advisory Board.

On July 10, 2014, the Company filed an Amended National Instrument 43-101 ("43-101") preliminary economic assessment and technical report of the Tami-Mosi Magnesium Project dated effective September 15, 2011 and amended as of July 4, 2014. As a result of a review by the British Columbia Securities Commission (the "BCSC"), the Company amended the 43-101 technical report as of July 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.

On July 21, 2014, the Company announced that it has received the final designs for the pilot reduction furnace from Silvertip Design NW for the Company's Tami-Mosi Magnesium Project. Based on the design, the furnace will be capable of producing up to one kilogram of magnesium by the reduction of dolime with ferrosilicon. On July 24, 2014, the Company commissioned Silvertip Designs NW to design a necessary piece of test equipment to enable optimized performance of the Company's planned bench scale furnace.

**OUTLOOK**

The outlook for the Company is very strong. The mining and metals investment sector for junior companies looks encouraging, with increased interest from investment firms in well planned and solid projects with a bright economic future. The demand and uses for magnesium are ever expanding as of late. Management has been observing a steady growth 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.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 3 of 19

**SUBSEQUENT EVENTS**

Subsequent to July 31, 2014, the Company announced:

- The extension of the agreement with Hanover Elite for investor and public relations services to August 8, 2015 in consideration of a monthly cash retainer fee of \$12,500 and the issuance of 1,000,000 options to acquire common shares at an exercise price of \$0.06, exercisable for a period of two years from the date of issuance;
- Jeff Wilson was appointed to the board of directors;
- Dan Koyich resigned from the board of directors and was moved to the technical advisory committee.

**MINERAL EXPLORATION PROJECTS**

**British Columbia, Canada Mineral Properties**

During the year, the Company held seven exploration projects as follows:

*Windpass and Sweethome Properties, British Columbia*

Both properties are 100% owned and located 50 kilometres northeast of Barriere, BC. The properties consist of seven contiguous mineral leases totalling 389.34 hectares. The Windpass is believed to have produced 34,456 ounces of gold from 102,996 tonnes of milled over six year period from 1933-1939.

On September 9, 2009, the Company announced a drilling exploration program consisting of 10-12 BQ thin wall diamond drill holes to explore the previously sampled outcrop zones that included four holes at twenty-five meter spacing along Weather Station Zone below the previously announced rock sample #WP09-AR07, which graded 316,500 ppb AU (see news release dated July 27, 2009).

On November 30, 2009, the Company released assays from the trenching of 7 of the 12 holes drilled. The trenching program consisted of trenches covering untested zones between the Windpass and the Sweet Home Mines. The property has eighteen gold zones (two of which produced 34,456 troy ounces of gold from 102,946 tons from 1933 – 1939). Prior trench sampling on three of the gold zones returned 36.94 grams Au/tonne (1.08 troy ounces/ton) over 0.58 meters (1.9 ft.) and 44.97 grams Au/tonne (1.32 opt Au) over 0.10 meters (0.33 ft.) on the North, Sleet and Weather Station Zones. *(For more results, see news release dated November 3, 2009).*

In April 2012, the Company announced that it had entered into an option agreement with MillenMin Ventures Inc. whereby MillenMin can earn up to 70% of Nevada CMI's 100% owned undivided interest in the Windpass gold property. Under the Option Agreement, MillenMin has been granted the exclusive right and option to acquire an undivided 70% interest in the Property by paying \$120,000 to Nevada CMI, incurring \$750,000 aggregate exploration expenditures on the property and issuing 400,000 common shares in the capital of MillenMin to Nevada CMI over a period of four years.

In October 2012, MillenMin completed a 910 meter diamond drilling program, which consisted of 4 diamond drill holes designed to test the geophysical anomalies identified by earlier survey work. The first hole intercepted 13 sections of moderate to intense propylitic alteration, with sericite and quartz carbonate veinlets or with sericite disseminated sulphides, at a depth of 5 meters to 200 meters (15-655 feet). The second hole intersected numerous sections of moderate to intense propylitic alteration with silicification and pyritization from 79 meters to 85 meters (260- 280 feet) and between 133 meters and 265 meters (435- 870 feet). The pyritized sections contained up to 5% pyrite in a width of 35 meters at a depth of 133 meters to 168 meters (435- 550 feet). Pyrrhotite, chalcopyrite, magnetite, calcite and chlorite are visible in these altered sections. The third hole

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 4 of 19

intercepted more sulphides of up to 10% in a more continuous interval of the intense propylitization from 143 meters to 262 meters (470-860 feet). No mineralization of interest was observed in the fourth hole. A total of 209 core samples were split and sent to ALS Minerals in North Vancouver for assaying.

On January 28, 2012, MillenMin Ventures announce the results from the completed 910 meter drill program with gold assays grading up to 4.75 grams per tonne.

On July 25, 2013, the option agreement between the Company and MillenMin Ventures was terminated by mutual agreement.

*Crowrea/Empress Property, British Columbia.*

The Crowrea Empress property is located near Summerland, British Columbia. The property originally consisted of 27 claims totalling approximately 10,494 hectares, with 2 claims dropped during the year ended October 31, 2012 and one other claim dropped during the year ended October 31, 2013, reducing the property to 24 claims totalling approximately 9,720 hectares.

The Crowrea Project is a mineral rich occurrence within a 650 meter northeast trending dyke zone, potentially extending another 400 meters. The discovery was contained in a trench which returned 0.209% MoS<sup>2</sup> over 38 meters. Subsequent drilling returned up to 0.273% MoS<sup>2</sup> over 39 meters in holes #95-03-09 and 4.6 meters grading 3.39% MoS<sup>2</sup> in Hole # 96-14-56. Diamond drilling entailing 30 holes returned significant values in 14 of the holes up to 10.6 meters grading 0.292% molybdenum. In April 2007, the Company acquired additional property consisting of 82 claim units totalling 1629.8 hectares (4027.5 acres) and adjoins the northwest border of the Crowrea Molybdenum property.

The Company completed drilling program in 2007 – 2008 on the Empress Molybdenum occurrence. The program started with 10 BQTW drill holes being drilled in the central portion of a 730 X 360 meter area for molybdenum (and copper/gold) bearing mineralization. Together the 2007 and spring 2008 program consisted of 19 holes drilled totalling 3,493 meters (11,459 feet). Mineralization observed in core from all 19 holes consists of disseminated and fracture filling molybdenite-pyrite-chalcopyrite associated with secondary alteration of K-feldspar-magnetite-chlorite-biotite-sericite. From the October 14, 2008 news release the program returned significant results one of which included hole # Emp 19-08 assaying 0.18% Mo over 15 meters near surface. The Company contracted Norm Tribe & Associates of Kelowna, B.C. to complete a NI 43-101 resource study on the Empress. The report was announced on January 28, 2009 and the results as follows:

	<b>0.02% Mo cut-off</b>	<b>0.05% Mo cut-off</b>
Indicated	3,996,155 tonnes @ 0.0605% Mo	1,703,000 tonnes @ 0.09% Mo
Inferred	3,498,000 tonnes @ 0.0619% Mo	1,657,498 tonnes @ 0.094% Mo

This project is a 50/50 joint venture with Goldrea Resources Corp.

*Beaverdell Property, British Columbia*

The Beaverdell property is located 3 kilometres southeast of Beaverdell, British Columbia, consists of 27 claims totally approximately 706 hectares in size, and is owned 100% by the Company. The Company's 27 mineral claims entail the southern half of the Beaverdell silver, lead, zinc vein camp. The Beaverdell Mine (North portion) believed to have produced almost continuously from 1913-1991, mining 1,321,140 tons producing 35,594,385 oz silver, 16,725 ounces gold, 25,569,475 lbs lead, 30,644,112 lbs zinc, 128,244 lbs cadmium and 25,699 lbs of copper. The Company's southern section is believed to have produced 1,507,393 ounces of silver, 1,456,185 lbs of zinc, 960,482 lbs lead and 367 ounces of gold from 8,003 tons. In February 2008 the Company entered into an option agreement with Glen Eagle Resources Inc., formerly Temoris Resources Inc. ("Temoris") of Quebec whereby Glen

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 5 of 19**

Eagle could acquire a 70% interest in the Beaverdell silver property. Glen Eagle Resources Inc. reported in their interim quarterly financial statements as at March 31, 2009 that they did not intend to continue the exploration of the Beaverdell property and the option would not be exercised. Consequently, there were no receivables and the project is owned 100% by the Company. In the fall of 2010, the Company conducted property assessment work via a geochemical of 59 soil and 33 rock chip sampling program. The results were announced in December 2010.

In July 2011, the Company completed a drilling program consisting of 2,457.6 meters (8,063 feet) of diamond drilling in 16 holes from 9 drill pads and ranged from 47.85 - 270.5 meters (157 - 886 feet) in depth, with silver assays grading up to 97.3 grams per tonne.

**Nevada, USA Mineral Properties**

*Silverado Property, Nevada*

During the fiscal year ending October 31, 2007 the Company completed acquisition of the 3 patented claims "the Michigan, American Eagle and Silverstone" from J.A. Terteling & Sons of Idaho and is situated at the southern end of the gold-rich Battle Mountain-Eureka Trend in Nevada. Grab samples assayed up to 4415.5 grams silver (128.7 oz per ton) from old dumps. Silver values up to 23 ounces with combined lead and zinc values of nearly 30%. Future exploration would be focused on the receptive host rocks hosting Carlin-Type mineralization similar to Barrick's two million ounce Archimedes gold deposit.

*Tami-Mosi 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 totalling approximately 677 hectares and 4 quartz unpatented claims totalling approximately 33 hectares, and is subject to a 2% net smelter royalty in favour of the originating vendors.

On August 22, 2007 the Company announced the start of a drill program. The program consists of up to 25 holes, totalling 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 totalling 8,420 feet (2,567 meters) being drilled into the four identified gold 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.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 6 of 19

SAMPLE	SiO <sub>2</sub>	TiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>	MnO	MgO	CaO	Na <sub>2</sub> O	K <sub>2</sub> O	P <sub>2</sub> O <sub>5</sub>	Ba	LOI	Total
Hole #TM-07-13 270ft - 300ft	1.25%	0.01%	0.22%	0.10%	0.01%	20.95%	29.91%	0.01%	0.01%	<0.01%	<0.01%	46.78%	99.27%
NBS "Standard 88B"	1.15%	0.02%	0.35%	0.30%	0.07%	21.14%	29.79%	0.01%	0.03%	0.01%	<0.01%	46.93%	99.80

In news release dated July 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 Sq.m.	HORIZ. m.	VOLUME Cu.m.	TONNAGE Tonnes		GRADE % Mg	POUNDS Mg.
<b>1</b>	<b>43500N</b>	<b>72,450</b>	<b>100</b>	<b>7,245,000</b>	<b>205,75,800</b>	<b>12.12</b>	<b>5,486,331,312</b>
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
<b>4</b>	<b>4300N</b>	<b>62,513</b>	<b>100</b>	<b>6,251,300</b>	<b>177,53,692</b>	<b>12.22</b>	<b>4,772,902,557</b>
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
<b>DILUTED TONNAGE AND GRADE</b>					<b>236,183,772</b>	<b>10.00</b>	<b>51,748,568,012</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

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 7 of 19**

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, 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.

As previously noted, on July 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 July 4, 2014. As a result of a review by the BCSC, the Company amended the 43-101 technical report as of July 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

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 8 of 19**

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.

*Davis Property, Nevada*

The BCS Davis property is located in Nye County, Nevada, consists of 61 unpatented lode mining claims totalling approximately 510 hectares, is 100% owned by the Company, and is subject to a 2% net smelter royalty in favour of the originating vendors. The property is located in Walker Lane Gold Trend, 5 miles east of past producing Paradise Peak Mine, Nye County, Nevada. The Davis vein has potential 3,000 foot strike length at surface. In June, 2008 the Company began drilling at the Davis Gold Property and completed seven diamond drill HQ core holes totalling 2945 ft. (898 meters) in 2008 returned grades of up to 3.53 grams (0.102 apt Au) over 4.24 meters (13.91 ft.) along a 200-meter strike length. The mineralization is open to the north, to the south and depth.

In June 2, 2009, the Company announced the discovery of three additional large new gold/silver zones that now brings the total to six. These anomalies include the Davis, the Butler 1, The Butler 2, the Central, the Sinter and the Atwood Zones. The zones at the Davis project show potential for high-grade, epithermal gold/silver veins, as well as strata-bound mineralized zones similar to the nearby Paradise Peak Mine (1.46M oz. gold and 38.9M oz. silver) which was active from 1985 to 1995 and being maintained.

**RESULTS OF OPERATIONS**

The following financial data are derived from our consolidated financial statements for the three and nine months ended July 31, 2014 and 2013, and the year ended October 31, 2013.

**Three Months Ended July 31, 2014 vs July 31, 2013**

The comprehensive loss for the three month period ended July 31, 2014 was \$335,492, which compares to a comprehensive loss of \$52,448 during the same period in 2013. The significant fluctuations in costs are as follows:

*Consulting and management fees (2014 - \$135,192; 2013 - \$61,660)*

During the three months ended July 31, 2014, the Company employed various companies and individuals as consultants, including for investor relations and for the amended technical report, which account for the difference between the periods.

*Office and miscellaneous (2014 - \$19,043; 2013 - \$4,169)*

The increase in office and miscellaneous over the comparative period reflects the addition of an insurance policy, as well as the increased operations of the Company. In addition, the comparative period includes \$8K of recovered expenses.

*Professional fees (2014 - \$38,291; 2013 - \$6,128)*

The increase in professional fees primarily reflects increased legal fees relating to the Company's agreement with ScanMag, and accounting fees relating to the amended 43-101 technical report.



**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 9 of 19

*Stock based compensation (2014 - \$93,816; 2013 - \$nil)*

Increase in stock based compensation reflects options issued during the period, compared to no options issued in the comparative period.

*Travel (2014 – \$32,105; 2013 - \$828)*

The Company's management travelled to various trade shows during the three months ended July 31, 2014 due to the increased operations of the Company, compared to significantly less travel in the comparative period.

*Foreign currency loss on translation of subsidiary (2014 – \$19,397; 2013 - \$74,050)*

The significant increase in loss on translation of subsidiary relative to the same period in the prior year relates to the increase of the US dollar relative to the Canadian dollar.

**Financial Position – July 31, 2014 and October 31, 2013**

Current assets as at July 31, 2014 were \$247,895 compared to \$195,332 at October 31, 2013. Cash increased significantly due to the exercise of warrants. This was offset by the significant decrease in marketable securities due to the sale of Pilot Gold shares.

Exploration and evaluation assets as at July 31, 2014 decreased by approximately \$27K over October 31, 2013 due to the receipt of the joint venture payment of \$150,000 USD, offset by foreign exchange, which is the result of the increase of the US dollar relative to the Canadian dollar, and claims maintenance fees.

Current liabilities as at July 31, 2014 increased by approximately \$58,000 over October 31, 2013 due to the accrual of interest on the provision for flow through share issuances, in addition to an increase in payable to related parties which represents salaries and fees accrued offset by amounts paid during the quarter. Provision for flow through share issuances relates to taxes and related obligations for flow through shares issued in prior years. The provision is an estimate of the maximum obligations which may be payable for these flow through share issuances.

The Company recorded an increase in share capital between July 31, 2014 and October 31, 2013 in the amount of \$419,000, which relates to the exercise of warrants. Additional information on share issuances is contained under "Liquidity and Capital Resources". The Company also accrued an additional \$120,000 in obligation to issue shares, which represent shares to be issued under contract with an investor relations firm.

**Summary of Quarterly Results**

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

Quarters ended:	July 31, 2014	April 30, 2014	January 31, 2014	October 31, 2013
Comprehensive loss	\$ 335,492	\$ 335,492	\$ 1,026,232	\$ 1,435,360
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

  

Quarters ended:	July 31, 2013	April 30, 2013	January 31, 2013	October 31, 2012
Comprehensive loss	\$ 52,448	\$ 52,448	\$ 108,284	\$ 525,398
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

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

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 10 of 19

**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 period information and summary of financial results in this MD&A should be read in conjunction with our annual Consolidated Financial Statements for the year ended October 31, 2013, 2012 and 2011.

<b>Years Ended:</b>	<b>October 31, 2013</b>	<b>October 31, 2012</b>	<b>October 31, 2011</b>
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Expenses</b>	<b>488,810</b>	523,853	613,111
<b>Other expenses (recovery)</b>	<b>946,550</b>	529,466	(52,500)
<b>Net loss</b>	<b>1,435,360</b>	1,053,319	558,527
<b>Comprehensive loss</b>	<b>1,391,492</b>	1,058,952	562,958
<b>Basic and diluted loss per share</b>	<b>(0.01)</b>	(0.01)	(0.01)
<b>Total current assets</b>	<b>195,332</b>	17,871	292,940
<b>Total assets</b>	<b>2,864,657</b>	3,731,647	4,540,802
<b>Total current liabilities</b>	<b>1,186,847</b>	964,340	742,043
<b>Total long term liabilities</b>	-	-	-

**Analysis of mineral property costs**

The following shows a breakdown of the Company's capitalized exploration and development costs as at July 31, 2014 and October 31, 2013 by geographic region. No exploration or development costs were incurred during the three months ended, other than claims maintenance fees. The Tami Mosi property continues to be the primary core property on which the Company is focused.

	<b>British Columbia, Canada</b>	<b>Nevada, United States</b>	<b>Total</b>
Balance, October 31, 2012	\$ 1,396,729	\$ 2,301,047	\$ 3,697,776
Acquisition costs	5,166	19,101	24,267
Exploration costs	-	1,734	1,734
Disposal of property	-	(176,033)	(176,033)
Impairment	(530,035)	(420,883)	(950,918)
Foreign currency translation	-	68,999	68,999
Balance, October 31, 2013	871,860	1,793,965	2,665,825
<b>Acquisition costs</b>	<b>10,873</b>	<b>44,745</b>	<b>55,618</b>
<b>Foreign currency translation</b>	-	<b>41,298</b>	<b>41,298</b>
<b>Balance, July 31, 2014</b>	<b>\$ 882,733</b>	<b>\$ 1,752,755</b>	<b>\$ 2,635,488</b>

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 11 of 19

**LIQUIDITY AND CAPITAL RESOURCES**

Periods Ended:	July 31, 2014	October 31, 2013
<b>Current assets</b>	\$ 247,895	\$ 195,332
<b>Exploration and evaluation assets</b>	2,635,488	2,665,825
<b>Reclamation bonds</b>	3,500	3,500
<b>Current liabilities</b>	1,244,856	1,186,847
<b>Shareholders' equity (deficiency)</b>	1,642,027	1,677,810
<b>Working capital deficiency</b>	<b>(996,961)</b>	<b>(991,515)</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 July 31, 2014, the Company had a cash balance of \$219,286 and a working capital deficiency of \$996,961 compared to working capital deficiency of \$991,515 as at October 31, 2013. Individual working capital components are as follows:

	July 31, 2014	October 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 219,286	\$ 14,975
GST receivable	20,074	10,341
Marketable securities	8,535	167,214
Prepaid expenses	-	2,802
	<b>247,895</b>	<b>195,332</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 125,544	\$ 93,958
Payable to related parties	556,562	542,889
Provision for flow through share issuances	562,750	550,000
	<b>1,244,856</b>	<b>1,186,847</b>
<b>Working Capital</b>	<b>\$ (996,961)</b>	<b>\$ (991,515)</b>

Financing activities provided cash of \$373,900 from the exercise of warrants during the nine months ended July 31, 2014, compared to \$143,400 from the issuance of shares in the comparative period.

Operating activities used cash of \$475,226 during the nine months ended July 31, 2014, compared to \$129,601 in the comparative period. This is primarily due to the overall increased activities of the Company.

Investing activities provided cash of \$305,637 during the nine months ended July 31, 2014, compared to \$7,764 in the comparative period. This reflects proceeds received on the sale of the Pilot Gold shares, offset by mineral property expenditures, and the proceeds received from the joint venture agreement with ScanMag.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 12 of 19

Excluding exploration costs and stock based compensation, the Company's current general administrative cash expenditures are approximately \$85,000 per month. 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.

**USE OF PROCEEDS FROM FINANCING**

<b>Date of financing and planned use of proceeds</b>	<b>Actual use of proceeds</b>
2013 financing: \$236,300	Funds used to pay for BLM fees and general working capital
2014 financing: \$373,900	Funds used for general working capital

**COMMITMENTS**

On April 23, 2014, the Company entered into a contract with Crucible Capital Group firm to raise debt and /or equity financing for the Company for a period of six months. The Company is committed to payments of \$5,000 per month. In addition, the Company issued 750,000 common shares and 250,000 warrants exercisable at \$0.08 for two years. Additional fees will be payable upon successful debt or equity financing.

On April 11, 2013, the Company entered into a contract with Hanover Elite for a period of twelve months, which was further extended subsequent to July 31, 2014. The Company is committed to payments of \$12,500 per month and the issuance of 1,000,000 options to acquire common shares at an exercise price of \$0.06, exercisable for a period of two years from the date of issuance.

On May 9, 2014, the Company entered into renewable contract with Kaye Winn, an investor relations firm, for a period of three months. The Company is committed to payments of \$4,000 per month. In addition, the Company issued 400,000 options exercisable at a price of \$0.08 for a period of five years.

In October 2013, the Company entered into an agreement with ScanMag to form a joint venture whereby the Company will own 60% and ScanMag will own 40% of the Company's Tami-Mosi property. In exchange for this interest, ScanMag will pay the Company \$5,000,000 USD in cash (\$150,000 USD paid) on or before October 14, 2014 and will issue the Company a 7% equity stake in ScanMag. Further, the Company will issue to ScanMag shares of its common stock equal to 19% of the total issued and outstanding common stock at the time the monies are received, and ScanMag will have the right to appoint one representative to the Company's board of directors. The signing of the agreement was completed on May 9, 2014. The transaction was approved by the TSX Venture Exchange in July 2014.

**Capital Stock**

As at July 31, 2014 and as at the date of this report, the Company had 143,651,450 common shares issued and outstanding.

**Stock Options**

During the nine months ended July 31, 2014, the Company granted:

- 6,860,000 stock options to directors, officers and consultants of the Company, exercisable at \$0.11 per share, vesting immediately and expiring in five years; and
- 1,500,000 options exercisable at \$0.08 per share under the same terms.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 13 of 19

Subsequent to July 31, 2014, the Company granted an additional 1,500,000 options under the same terms, but exercisable at \$0.06 per share.

As at July 31, 2014, the Company had outstanding stock options enabling the holder to purchase 13,510,000 common shares of the Company. Options outstanding at July 31, 2014 had a weighted-average exercise price of \$0.09 per share. As at the date of this report, the Company has 15,010,000 outstanding stock options.

A summary of changes in options outstanding during the period is as follows:

	Number of options	Average exercise price
Balance outstanding at October 31, 2012	2,830,000	\$ 0.14
Expired / cancelled	(2,830,000)	\$ 0.14
Issued	5,150,000	0.05
Balance outstanding at October 31, 2013	5,150,000	\$ 0.05
<b>Issued</b>	<b>8,360,000</b>	<b>0.11</b>
<b>Balance, July 31, 2014</b>	<b>13,510,000</b>	<b>\$ 0.09</b>

**Warrants**

During the nine months ended July 31, 2014, 7,478,000 warrants were exercised at \$0.05 per share, for proceeds of \$373,900.

As at July 31, 2014, the Company had outstanding share purchase warrants enabling the holder to purchase 16,702,000 common shares of the Company. Warrants outstanding at July 31, 2014 had a weighted-average exercise price of \$0.05 per share. As at the date of this report, the Company has 17,202,000 outstanding share purchase warrants.

A summary of changes in warrants outstanding during the period is as follows:

	Number of warrants	Average exercise price
Balance, October 31, 2012	15,845,500	\$ 0.12
Granted - private placement	23,630,000	0.05
Expired / cancelled	(15,295,500)	0.12
Balance, October 31, 2013	24,180,000	\$ 0.05
<b>Exercised</b>	<b>(7,478,000)</b>	<b>0.05</b>
<b>Balance outstanding at July 31, 2014</b>	<b>16,702,000</b>	<b>\$ 0.05</b>

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 14 of 19

**RELATED PARTY TRANSACTIONS**

At July 31, 2014, the Company entered into the following related party transactions:

<b>Individual</b>	<b>Relationship</b>	<b>Nature of transactions</b>	<b>Incurring period ended July 31, 2014</b>	<b>Incurring period ended July 31, 2013</b>	<b>Balance payable at July 31, 2014</b>	<b>Balance payable at October 31, 2013</b>
Ed Lee	Chief executive officer, director	Salaries	\$ 67,500	\$ 42,000	\$ 18,302	60,808
Annie Storey	Chief financial officer	Fees	45,000	30,000	30,005	25,804
James Sever	President, director	Fees	72,000	48,000	135,979	84,000
Lisa Maxwell	Corporate secretary	Fees	10,270	-	-	-
Goldrea Resources Corp.	Former related company	Reimbursed expenses	-	-	22,214	22,214
American Manganese Inc.	Former related company	Reimbursed expenses	-	-	320,063	320,063
Larry Reaugh	Former chief executive officer	Fees	-	-	30,000	30,000
			<b>\$ 194,770</b>	<b>\$ 120,000</b>	<b>\$ 556,563</b>	<b>\$ 542,889</b>

*Office and personnel sharing arrangements*

Prior to March 1, 2013, the Company shared its office premises with Goldrea Resources Corp. ("Goldrea"), and American Manganese Inc. ("American Manganese"), companies which previously shared common directors and officers with the Company. In addition, certain personnel were shared by the companies. The personnel in question include accounting and administrative staff. Expenses relating to the common office facilities were recorded at their fair values and were incurred in the normal course of business. Related expenses were shared amongst the companies and allocated according to the relative space used by each of the companies. The salary and related costs of common personnel were allocated according to the time expended by the personnel in question. Transactions with related parties do not bear interest, are unsecured and have no fixed term of repayment. There are no ongoing commitments or contractual obligations resulting from the transactions in place as at July 31, 2014.

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management. The balances referred to below 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.

**Key management compensation**

Key management includes the Company's directors and officers and their related companies, as included in the above table. Compensation to key management for the three and nine months ended July 31, 2014 and 2013 is

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 15 of 19

summarized as follows:

	Three months ended		Nine months ended	
	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013
Fees	\$ 61,500	\$ 63,000	\$ 184,500	\$ 108,000
Share-based payments	-	-	242,000	-
<b>Total</b>	<b>\$ 61,500</b>	<b>\$ 63,000</b>	<b>\$ 426,500</b>	<b>\$ 108,000</b>

**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, 2013.

**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.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

**Page 16 of 19**

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 July 31, 2014, the Company had cash of \$219,286 to settle current liabilities of \$1,244,856 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 2014.

**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.

**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.



**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 17 of 19

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 favourable. 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 licences, 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

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 18 of 19

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.

#### **LEGAL MATTERS**

The Company is not currently, and has not at any time during our most recently completed fiscal year, been party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions.

#### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the year ended October 31, 2013 that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

#### **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.

**NEVADA CLEAN MAGNESIUM INC.**  
**Management's Discussion and Analysis**  
**For the Three and Nine Months Ended July 31, 2014**

Page 19 of 19

**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 CHANGES**

The following comprise key management and directors:

Edward Lee – Chief Executive Officer and Director  
James Sever – President and Director  
Annie Storey – Chief Financial Officer and Director  
Lisa Maxwell – Corporate Secretary  
Steve Thorlakson – Independent Director  
Robert Brown – Independent Director  
Lothar Maruhn – Director  
Jeff Wilson – Independent Director