MAGNA GOLD CORP.

ANNUAL INFORMATION FORM

FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

April 20, 2021

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INTRODUCTION

General

In this Annual Information Form (this "**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, "**Magna**" or the "**Company**" refers to Magna Gold Corp., its subsidiaries and their respective predecessors. Unless otherwise indicated, the information contained herein is given as at December 31, 2020.

This AIF contains references to the Canadian dollar, the United States dollar and the Mexican peso. Unless otherwise indicated, all references to "$" or "C$" or "dollars" in this AIF are references to Canadian dollars; United States dollars are referred to as "US$" or "U.S. dollars"; and Mexican pesos are referred to as "MXN$" or "Mexican pesos".

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking information" or "forward-looking statements" within the meaning of applicable securities legislation (collectively, "**forward-looking statements**"). Forward-looking statements are included to provide information about management's current expectations and plans that allows investors and others to get a better understanding of the Company's operating environment, business operations and financial performance and condition.

Forward-looking statements include, but are not limited to, statements regarding planned exploration and development programs and expenditures; the estimation of mineral resources and mineral reserves; technical studies and economic results thereof, including, but not limited to, future production, costs and expenses; mine production plans; projected mining and process recovery rates; mining dilution assumptions; the timeline for receipt of any required agreements, approvals or permits; sustaining costs and operating costs; closure costs and requirements; proposed exploration plans and expected results of exploration from each of the San Francisco Project (as defined herein) and the Mercedes Project (as defined herein) and the Company's other exploration projects; the Company's ability to obtain required mine licences, mine permits, required agreements with third parties and regulatory approvals required in connection with exploration plans and future mining and mineral processing operations, including, but not limited to, necessary permitting required to implement expected future exploration plans; community relations; availability of sufficient water for proposed operations; competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel; changes in commodity prices and exchange rates; currency and interest rate fluctuations; and the ability to secure the required capital to conduct planned exploration programs, studies and the Company's objectives and strategies. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved (or the negative of any of these terms and similar expressions)) are not statements of fact and may be forward-looking statements.

Forward-looking statements are based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of gold, anticipated costs and the Company's ability to fund its programs, the Company's ability to carry on exploration and development activities, the Company's

ability to secure and to meet obligations under property agreements, the timing and results of drilling programs, the discovery of mineral resources and mineral reserves on the Company's mineral properties, that political and legal developments will be consistent with current expectations, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Company's ability to operate in a safe, efficient and effective manner, the Company's ability to obtain financing as and when required and on reasonable terms, that the Company's activities will be in accordance with the Company's public statements and stated goals and that there will be no material adverse change or disruptions affecting the Company or its properties.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others: risks related to uncertainties inherent in the preparation of technical studies, including, but not limited to, assumptions underlying the production estimates not being realized, changes to the cost of production, variations in quantity of mineralized material, grade or recovery rates, geotechnical or hydrogeological considerations during mining differing from what has been assumed, failure of plant, equipment or processes, changes to availability of power or the power rates, ability to maintain social license, changes to exchange, interest or tax rates, cost of labour, supplies, fuel and equipment rising, changes in project parameters, and delays and costs inherent to consulting and accommodating the rights of local communities; title risks; risks that the interpreted drill results may not accurately represent the actual continuity of geology or grade of the deposit, bulk density measurements may not be representative, interpreted and modelled metallurgical domains may not be representative, and metallurgical recoveries may not be representative; access to additional capital; uncertainty and variations in the estimation of mineral resources and mineral reserves; health, safety and environmental risks; success of exploration, development and operations activities; risks relating to foreign operations and expropriation or nationalization of mining operations; delays in obtaining or the failure to obtain governmental permits, or non-compliance with permits; delays in or failure to get access from surface rights owners; uncertainty in estimates of production, capital and operating costs and potential production and cost overruns; the impact of Mexican laws regarding foreign investment; the fluctuating price of gold and silver and currency and interest rates; assessments by taxation authorities in multiple jurisdictions; uncertainties related to title to mineral properties; the Company's ability to identify, complete and successfully integrate acquisitions; volatility in the market price of the Company's securities; risks related to the effects of the novel coronavirus ("**COVID-19**") on the Company; and risks associated with executing the Company's objectives and strategies.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Although the Company believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled "*Risk Factors*" below for additional risk factors that could cause results to differ materially from forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this AIF and, accordingly, are subject to change after such date. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, the high, low, average and period-end rates of exchange for one U.S. dollar, expressed in Canadian dollars, published by the Bank of Canada (based on the daily average rates as reported by the Bank of Canada as being in effect at approximately 4:30 p.m. Eastern time on each trading day).

	Nine Months Ended December 31, 2020	Year Ended March 31, 2020
High	1.4217	1.4496
Low	1.2718	1.2970
Average rate per period	1.3403	1.3308
Rate at end of period	1.2732	1.4187

On April 20, 2021, the indicative rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US$1.00 equals C$1.2572. No representation is made that Canadian dollars could be converted into U.S. dollars at that rate or any other rate.

The following table sets forth, for the periods indicated, the high, low, average and period-end rates of exchange for one Mexican peso, expressed in Canadian dollars, published by the Bank of Canada (based on the daily average rates as reported by the Bank of Canada as being in effect at approximately 4:30 p.m. Eastern time on each trading day).

	Nine Months Ended December 31, 2020	Year Ended March 31, 2020
High	0.06507	0.07140
Low	0.05653	0.05796
Average rate per period	0.06108	0.06848
Rate at end of period	0.06404	0.06003

On April 20, 2021, the indicative rate of exchange posted by the Bank of Canada for conversion of Mexican pesos into Canadian dollars was MXN$1.00 equals C$0.06316. No representation is made that Canadian dollars could be converted into Mexican pesos at that rate or any other rate.

TECHNICAL INFORMATION

The scientific and technical information contained in this AIF relating to the Company's San Francisco project (the "**San Francisco Project**") is supported by the technical report entitled "NI 43-101 F1 Technical Report, Pre-Feasibility Study for the San Francisco Gold Project, Sonora, Mexico" dated August 28, 2020 with an effective date of August 8, 2020 (the "**San Francisco Technical Report**") prepared by William J. Lewis, P.Geo., Richard M. Gowans, P.Eng., Nigel Fung, B.Sc.H, B.Eng., P.Eng., Christopher Jacobs, CEng, MIMMM, and Ing. Alan San Martin, MAusIMM(CP), of Micon International Limited ("**Micon**"), and Rodrigo Calles-Montijo, CPG, of Servicios Geológicos IMEx, S.C., each of whom is considered an independent "Qualified Person", as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators ("**NI 43-101**").

The scientific and technical information contained in this AIF relating to the Company's Mercedes project (the "**Mercedes Project**") is supported by the technical report entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the La Lamosa Ridge Deposit, Mercedes Project, Santa Rosa de Yécora District, Sonora State, Mexico" dated January 22, 2021 with an effective date of January 11, 2021 (the "**Mercedes Technical Report**" and, together with the San Francisco Technical Report, the "**Technical Reports**") prepared by William J. Lewis, P.Geo., Richard M. Gowans, P.Eng., and Ing. Alan San Martin, MAusIMM(CP), of Micon, and Rodrigo Calles-Montijo, CPG, of Servicios Geológicos IMEx, S.C., each of whom is considered an independent "Qualified Person", as such term is defined in NI 43-101.

The Technical Reports are subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of each Technical Report, which is available for review under the Company's profile on SEDAR at www.sedar.com. The Technical Reports are not and shall not be deemed to be incorporated by reference in this AIF, but the disclosure herein has been prepared with the consent of the authors of each respective Technical Report and is qualified in its entirety by the Technical Reports.

Where appropriate, certain information contained in this AIF may update information derived from the Technical Reports. Any updates to the scientific or technical information derived from such Technical Report and any other scientific or technical information contained in this AIF has been reviewed and approved by James Baughman, P.Geo., whom is considered an independent "Qualified Person", as such term is defined in NI 43-101, and a consultant to the Company.

CORPORATE STRUCTURE

Name, Address and Incorporation

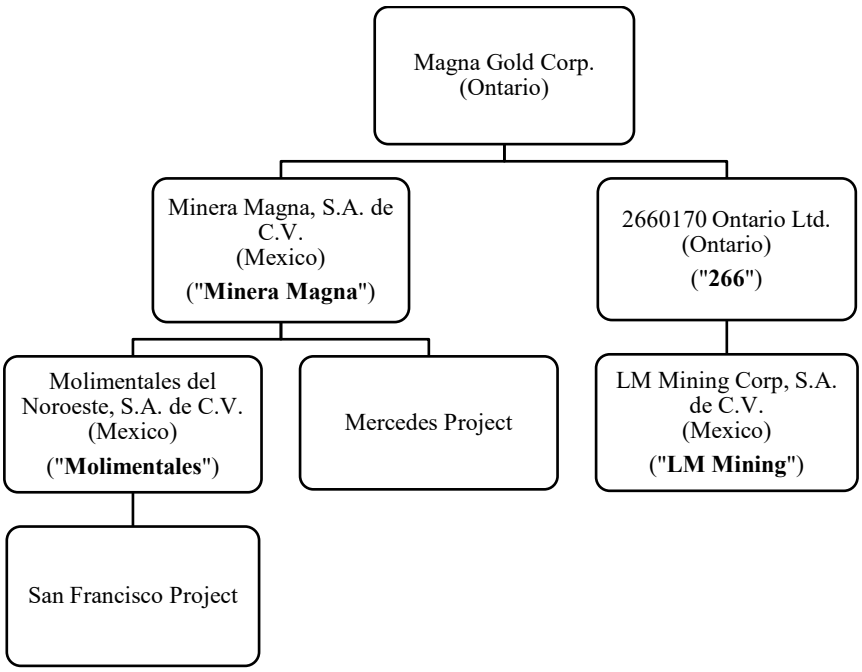
The Company was incorporated on January 9, 2018 pursuant to the provisions of the *Business Corporations Act* (Ontario) under the name "Magna Gold Corp.". The authorized share capital of the Company consists of an unlimited number of common shares ("**Common Shares**"). The articles were amended on May 15, 2018 to remove the restrictions in respect of share transfers and other restrictions applicable to private issuers. The Company's head office is located at Suite 902, 18 King Street East, Toronto, Ontario, M5C 1C4, and its registered office address is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

Magna is a reporting issuer in the provinces of Ontario, Alberta and British Columbia. The Common Shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "MGR". In addition, the Common Shares trade on the OTCQB Venture Market, a U.S. trading platform that is operated by OTC Markets Group in New York, under the symbol "MGLQF".

On June 6, 2019, the Company completed its Qualifying Transaction, as defined in TSXV Policy 2.4 – *Capital Pool Companies*, consisting of the property option agreement dated September 25, 2018 pursuant to which the Company acquired an option to acquire a 100% interest in two mineral concessions in Yécora, Mexico, for a four-year period. The two mineral concessions comprise part of the Mercedes Project.

Intercorporate Relationships

The following diagram describes the intercorporate relationships among the Company and its material subsidiaries and the location of the Company's material properties within its corporate structure.



The Company holds a 99.9% interest in Minera Magna and a 100.0% interest in 266. Minera Magna holds a 99.9% interest in Molimentales. 266 holds a 99.0% interest in LM Mining.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a mineral resource company engaged in the acquisition, exploration, development and operation of mineral properties. The principal projects of the Company are its 100% interest in the San Francisco Project located in the north central portion of the state of Sonora, Mexico, approximately 150 kilometres north of the state capital, Hermosillo, and comprised of two previously mined open pits (San Francisco and La Chicharra), together with heap leach processing facilities and associated infrastructure, and the Mercedes Project located in the Municipality of Yécora, in the state of Sonora, Mexico, approximately 250 kilometres southeast along federal Highway 16 from Hermosillo.

Three Year History

The following is a summary of the general development of the Company's business for the past three years.

COVID-19

The global outbreak of COVID-19 in 2020-2021 has had a significant impact on businesses through restrictions put in place by governments around the world, including the jurisdictions in which the Company conducts its business. The Company's activities have been restricted by government orders related to, among others, travel, business operations and stay-at-home orders.

The board of directors of the Company (the "**Board**") has oversight over management's response to COVID-19, and has reviewed the plans and protocols in place. The Company has implemented strict COVID-19 protocols, including rigorous screening and testing programs at the site operations. The Company continues to maintain robust organization-wide COVID-19 prevention protocols to support the health of its employees and local communities, including working from home, eliminating travel of any kind and restricting access to sites. The Company is closely monitoring the potential impacts from the pandemic on areas including labour

availability and supply lines, as well as community and government relations. Vaccination programs in Mexico and Canada are ongoing.

During the nine months ended December 31, 2020, there has been no material impact on the operating and exploration activities of the Company. Production at the San Francisco mine has continued as per the schedule detailed in the San Francisco Technical Report. As of the date of this AIF, the Canadian and Mexican authorities have not introduced any further measures that are impacting, or are expected to impact, the Company's operations in Canada or Mexico. The United States authorities have not introduced any further measures that are impacting, or are expected to impact, the Company's deliveries of gold doré bars to its customer in the United States.

Even though the Company has not incurred material impacts to date from the COVID-19 pandemic, as of the date of this AIF, it is not possible to determine the extent of the impact that this global health emergency will have on the Company's business, financial condition and results of operations as the impacts will depend on future developments which are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, including any variants thereof, its extent and intensity, the duration of the outbreak, and possible government, societal and individual responses to the situation. See "*Risk Factors – COVID-19*".

Appointment of Executive Officers

On January 27, 2021, the Company appointed Colin Sutherland as Chief Financial Officer of the Company. On March 31, 2021, the Company changed Miguel Bonilla's title from Country Manager to Chief Operating Officer.

Fiscal Year-End Change

On November 30, 2020, the Company announced a fiscal year-end change from March 31st to December 31st to align the fiscal year-end of the Company with that of its subsidiaries, Molimentales, Minera Magna and LM Mining, which are required to have fiscal periods for Mexican tax purposes ending on December 31st.

Margarita Project Acquisition

On November 17, 2020, the Company and Molimentales closed the acquisition (the "**Margarita Acquisition**") of the option (the "**Margarita Option**") to acquire a 100% undivided interest in the mineral concessions comprising the Margarita silver project (the "**Margarita Project**") pursuant to a definitive option acquisition agreement (the "**Margarita Option Acquisition Agreement**") with Sable Resources Ltd. ("**Sable**") and Exploraciones Sable, S. de R.L. de C.V. ("**Exploraciones Sable**"), a wholly-owned subsidiary of Sable. The Margarita Project is comprised of two mineral concessions, covering 125.625 hectares, located within the prolific Sierra Madre Gold Belt, which hosts numerous multimillion-ounce gold-silver deposits, 88 kilometres south of the state capital of Chihuahua in the Municipality of Satevo, State of Chihuahua, Mexico.

Pursuant to the terms of the Margarita Option Acquisition Agreement, Molimentales acquired the Margarita Option in exchange for: (i) $1,500,000 in cash, plus an additional $800,000 in cash representing Mexican VAT; and (ii) 3,219,278 Common Shares. Immediately following the Margarita Acquisition, Molimentales exercised the Margarita Option to acquire the Margarita Project (the "**Margarita Option Exercise**") by payment to the titleholders of the Margarita Project of: (i) $500,000 in cash, plus an additional $368,000 in cash representing Mexican VAT; and (ii) 1,655,629 Common Shares.

Concurrent with the Margarita Option Exercise, in accordance with the terms of an amended and restated royalty purchase agreement dated October 13, 2020 between Osisko Gold Royalties Ltd ("**Osisko**"), Sable, Exploraciones Sable and certain affiliates of Sable and Exploraciones Sable, the Company and Molimentales

entered into a royalty agreement with Osisko, pursuant to which Molimentales will pay Osisko a 2% net smelter returns royalty on all products mined and produced from the Margarita Project.

San Francisco Project Pre-Feasibility Study

On September 17, 2020, the Company announced the results from the pre-feasibility study completed on the San Francisco Project. See "*Material Mineral Projects – San Francisco Project*".

Cuproros Project Option Agreement

On September 8, 2020, the Company entered into an exploration and option agreement pursuant to which the Company was granted an option to acquire a 100% undivided interest in three mining claims (the "**Cuproros Project**") for a four year period. The Cuproros Project consists of three contiguous mining claims covering an aggregate area of approximately 196 hectares located approximately 150 kilometres east from the Sonora State capital, Hermosillo. As at December 31, 2020, the Company had made cash payments in the amount of US$30,000 plus VAT under the exploration and option agreement.

Los Muertos Project Option Agreement

On August 3, 2020, the Company entered into an option agreement pursuant to which the Company was granted an option to acquire a 100% undivided interest in the Los Muertos silver-gold project (the "**Los Muertos Project**") located in the municipality of La Colorada, Sonora, Mexico. The Los Muertos Project is comprised of two mineral concessions (Los Muertos concession and Los Muertos 1 concession), covering 1,756 hectares. Under the terms of the option agreement, the Company can earn a 100% undivided interest in the Los Muertos Project by paying an aggregate amount of US$425,000 plus VAT in five annual installments commencing on August 3, 2020 and ending on August 3, 2024. As at December 31, 2020, the Company had made cash payments in the amount of US$25,000 plus VAT under the option agreement.

Peal Settlement

On June 30, 2020, the Company, through Molimentales, entered into a definitive settlement agreement (the "**Peal Settlement Agreement**") with Peal de Mexico, S.A. de C.V. ("**Peal**") to settle existing arbitration proceedings between Peal and Molimentales in relation to the San Francisco Project. Pursuant to the terms of the Peal Settlement Agreement, Peal agreed to settle the proceedings in exchange for aggregate consideration of US$6,354,782.81 plus VAT (the "**Settlement Consideration**"). In satisfaction of the Settlement Consideration, the Company issued 11,000,000 Common Shares to Peal and Molimentales has agreed to pay US$3,495,130.18 plus VAT in cash to Peal by December 31, 2021.

June 2020 Private Placement

On June 1, 2020, the Company completed a non-brokered private placement of 17,075,000 Common Shares at a price of $0.41 per Common Share for aggregate gross proceeds of $7,000,750. The private placement included lead investments by Eric Sprott and two mining industry participants. In connection with the private placement, certain parties received finder's fee payments.

San Francisco Project Acquisition

On May 6, 2020, the Company closed the acquisition (the "**Molimentales Acquisition**") of Molimentales pursuant to a definitive share purchase agreement dated March 5, 2020, as amended April 24, 2020 (the "**Molimentales Share Purchase Agreement**"), between Timmins GoldCorp Mexico S.A. de C.V. ("**Timmins**"), a wholly-owned subsidiary of Alio Gold Inc. ("**Alio**"), and the Company. Molimentales owns a 100% interest in the San Francisco Project and the surrounding mineral concessions. The San Francisco Project

is situated in the north central portion of the state of Sonora, Mexico, approximately 150 kilometres north of the state capital, Hermosillo. The operation is comprised of two previously mined open pits (San Francisco and La Chicharra), together with heap leach processing facilities and associated infrastructure located close to the San Francisco Project. Further information regarding the San Francisco Project can be found under the heading "*Material Mineral Projects – San Francisco Project*" below.

Under the terms of the Molimentales Share Purchase Agreement, Minera Magna, a subsidiary of the Company, acquired ownership of the shares of Molimentales, in exchange for (i) the issuance to Timmins of 9,740,000 Common Shares; and (ii) the payment to Timmins of US$5,000,000 in cash, on or before May 6, 2021, or, should this amount not be paid, the Company will in lieu grant a 1% net smelter return ("**NSR**") royalty in respect of the San Francisco mine. As a result of the Molimentales Acquisition, the Company also indirectly assumed certain liabilities associated with Molimentales. The Company filed a Form 51-102F4 – *Business Acquisition Report* under the Company's profile on SEDAR at www.sedar.com on July 20, 2020 (the "**Business Acquisition Report**").

In connection with the Molimentales Acquisition, on May 6, 2020, the Company closed a non-brokered private placement consisting of 5,714,286 Common Shares at a price of $0.35 per Common Share for aggregate gross proceeds of approximately $2,000,000. In connection with the private placement, certain parties received finder's fee payments.

San Judas Option Agreement

On January 6, 2020, the Company entered into an exploration and option agreement pursuant to which the Company was granted an option (the "**San Judas Option**") to acquire a 100% undivided interest in two mining claims (the "**San Judas Project**") for a five-year period. The San Judas Project consists of two contiguous mining claims covering an aggregate area of approximately 2,806 hectares located in the municipality of Trincheras, Sonora, Mexico. In consideration of the grant of the San Judas Option, the Company shall (i) pay to the optionors of the San Judas Project an aggregate of US$1,680,000 plus VAT of 16%, paid in installments commencing on the effective date of the agreement and ending on the 60th month from the effective date; and (ii) grant to the optionors of the San Judas Project a 1.5% NSR royalty, which is capped at US$1,500,000 and subject to the right of the Company to buy back the entire NSR royalty at a price of US$500,000 per 0.5% at any time. As at December 31, 2020, the Company had made cash payments in the amount of US$50,000 plus VAT under the exploration and option agreement.

Las Marias Project Acquisition

On August 16, 2019, the Company completed the acquisition of the Las Marias project (the "**Las Marias Project**") and the Las Cabanas project (the "**Las Cabanas Project**"). The Las Marias Project consists of seven mineral concessions covering 646 hectares adjacent to the Mercedes Project and the Las Cabanas Project consists of two claims covering 248 hectares located approximately 10 kilometres southwest of the Mercedes Project. The total purchase price for the mineral concessions and other rights was $250,000 and the issuance of 1,000,000 Common Shares.

Qualifying Transaction

On June 6, 2019, the Company completed its Qualifying Transaction to acquire two contiguous mineral concessions comprising a portion of the Mercedes Project. Until the completion of its Qualifying Transaction, the Company was prohibited from carrying on any business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction.

The Company entered into an option agreement dated September 25, 2018 (the "**Effective Date**"), as amended March 22, 2019 (the "**QT Agreement**"), with Beatriz Delia Yepiz Fong, an individual resident in the state of

Sonora, Mexico (the "**Seller**"). Under the QT Agreement, the Company acquired from the Seller an option (the "**Mercedes Option**") to acquire a 100% undivided interest in two contiguous mineral concessions comprising a portion of the Mercedes Project. In consideration of the Mercedes Option, the Company: (i) will pay to the Seller an aggregate of US$1,340,000, paid in installments commencing on the sixth month from the Effective Date and ending on the 48th month from the Effective Date; (ii) granted to the Seller a 3% NSR royalty, capped at US$3,500,000 and subject to the right of the Company to acquire the entire royalty at a price of US$500,000 per 1% NSR within the first three years of commercial production; and (iii) issued 2,442,105 Common Shares to the Seller. As at December 31, 2020, the Company had made cash payments in the amount of US$230,000 plus VAT under the QT Agreement.

In connection with the Qualifying Transaction, the Company completed a concurrent non-brokered private placement financing (the "**Concurrent Financing**") of 8,338,184 Common Shares at a price of $0.32 per Common Share for aggregate gross proceeds of $2,668,219. Proceeds of the Concurrent Financing were used for exploration activities on the Mercedes Project and for working capital purposes.

Further information regarding the Mercedes Project can be found under the heading "*Material Mineral Projects – Mercedes Project*" below.

CPC IPO

On August 15, 2018, the Company completed its initial public offering (the "**Initial Public Offering**") of 2,000,000 Common Shares at a purchase price of $0.10 per Common Share by way of a prospectus for aggregate gross proceeds of $200,000. The Company was a Capital Pool Company as defined by TSXV policies. In combination with the Company's cash proceeds raised prior to the Initial Public Offering, the Company had raised total gross proceeds of $2,572,500 and had a total of 27,075,000 Common Shares issued and outstanding.

DESCRIPTION OF THE BUSINESS

General Overview

Magna is a mineral resource company engaged in the acquisition, exploration, development and operation of mineral properties. The principal projects of the Company are its 100% interest in the San Francisco Project and the Mercedes Project. Further information regarding Magna's material mineral projects, the San Francisco Project and the Mercedes Project, can be found under the heading "*Material Mineral Projects*". The San Francisco Project is a producing property, while the Mercedes Project is in the exploration and development stage.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, engineering, operations, environmental, drilling, logistical planning and implementation of exploration and development programs, treasury accounting and legal. The Company has been able to locate and retain appropriate employees and consultants and believes it will continue to be able to do so.

Competitive Conditions

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial and technical facilities than itself in the search for and acquisition of attractive mineral properties and the development of such properties. In addition, the Company also competes for the technical expertise to develop and operate such properties, the labour to operate the properties and the

capital for the purpose of funding such properties. Further information regarding risks associated with the competitive conditions can be found under the heading "*Risk Factors*" below.

Business Cycles

The mineral exploration business is subject to mineral price cycles. The marketability of minerals and mineral concentrates and the ability to finance the Company on favourable terms is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common. In recent years, mineral prices have fluctuated widely. Moreover, it is difficult to predict with any certainty future mineral prices. In recent years, the significant demand for minerals in some countries drove commodity prices to historic highs. When the price of commodities being explored declines, investor interest subsides and capital markets can become very difficult. The price of commodities varies on a daily basis and there is no proven methodology for determining future prices. Price volatility could have dramatic effects on the results of operations and the ability of the Company to execute its business plans. The onset of COVID-19 has further exasperated mineral price fluctuations.

Gold prices specifically are historically subject to wide fluctuation and are influenced by a number of factors beyond the control or influence of the Company. Some factors that affect the price of gold include: industrial and jewellery demand; central bank lending or purchase or sales of gold bullion; forward or short sales of gold by producers and speculators; future level of gold productions; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Gold prices are also affected by macroeconomic factors including: confidence in the global monetary system; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the general level of interest rates; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global and regional political or economic events; and costs of production of other gold producing companies. All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand for or supply of gold.

Economic Dependence

The Company and its business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends.

Environmental Protection

The Company is subject to federal, state and local environmental legislation at its properties. The Company recognizes that it must conduct its business in such a manner as to protect and preserve the environment. Management is not aware of any pending environmental legislation which would be likely to have a material impact on any of its operations. The Company believes that it is compliant in all material respects with all applicable environmental laws. Further information regarding risks associated with environmental protection can be found under the heading "*Risk Factors*" below.

Employees

As at December 31, 2020, the Company and its subsidiaries had 243 full-time employees, and, as at the date of this AIF, the Company and its subsidiaries have 247 full-time employees, including outsourced employees. The Company also relies on consultants and contractors to carry out many of its activities and, in particular, to carry out project development activities and to supervise work programs on its mineral properties.

Foreign Operations

The Company's principal operations and assets are located in Mexico. Mineral exploration and mining activities in Mexico may be affected in varying degrees by political and economic instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions may adversely affect Magna's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Further information regarding risks associated with foreign operations can be found under the headings "*Risk Factors*" and "*Description of the Business – Disclosure for Companies Operating in Emerging Markets*".

Disclosure for Companies Operating in Emerging Markets

Governance and Internal Controls

The Board and management of the Company have a thorough understanding of the political, cultural, legal and business environments of the Mexican market. Arturo Bonillas, Miguel Bonilla and Miguel Soto, who were key personnel in the development of the San Francisco Project by Alio, have extensive experience in mineral exploration, development and production in the State of Sonora, Mexico, and the broader Mexican market. The Company retains counsel in both Canada and Mexico to ensure the Company adheres to both Canadian and Mexican regulatory requirements.

The Company has a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of the Company and its subsidiaries. These internal controls are overseen by the Board and are designed to ensure that, among other things, the Company has access to all material information about its subsidiaries, including its foreign subsidiaries in emerging jurisdictions, such as Mexico.

The Company holds its material properties in separate corporate entities (through local subsidiary companies in foreign jurisdictions). The Company controls and oversees these subsidiaries by its ownership of all or almost all of the shares issued by each foreign subsidiary. The Board and the Company's management have the power to instruct the officers of the subsidiaries to pursue business activities in accordance with the Company's objectives, and the Company, as a shareholder, may compel the officers of each of the foreign subsidiaries to act, or otherwise remove such officers or directors by written resolution. As a result, management of the Company can effectively align its business objectives with those of the foreign subsidiaries and implement such objectives at all levels of the Company, whether foreign or domestic.

Financial Controls

The Company prepares its consolidated financial statements and MD&A on a quarterly and annual basis, using IFRS as issued by the International Accounting Standards Board, which require financial information and disclosures from its subsidiaries. The Company implements internal controls over the preparation of its financial statements and other financial disclosures to provide reasonable assurance that its financial reporting is reliable and that the quarterly and annual financial statements and MD&A are being prepared in accordance with IFRS and relevant securities laws. The Company's CEO, Arturo Bonillas, and Chief Operating Officer, Miguel Bonilla, have extensive experience conducting business in Mexico, and are fluent in both Spanish and English.

The difference in cultures and practices between Canada and Mexico is addressed by employing competent staff in Canada and Mexico who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in dealing with the respective government authorities, and have

experience and knowledge of the local banking systems and treasury requirements. The Company retains local counsel and advisers, as needed.

Communication and Records

The Company maintains open communications with its Mexican operations through members of management who are fluent in both Spanish and English. In addition, many management team members in Mexico are proficient in English and are able to effectively communicate in English. Material documents relating to the foreign subsidiaries are reviewed by local counsel and are provided to the Board in English. Although the Company does not currently have a formal communication plan, it believes the informal policies and practices it has in place are sufficient to address any issues that may arise. To date, the Company has not experienced any communication-related issues. The Company's officers visit the Mexican operations on a regular basis to ensure in-person communication is a priority.

All of the minute books and corporate records and documents of the foreign subsidiaries are maintained and updated by legal counsel in the local jurisdiction on an ongoing basis. The custodians of such documents report directly to the Company's head office and senior management team to ensure continued oversight.

RISK FACTORS

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a mineral exploration, development and production company. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment. An investment in the Company may not be suitable for all investors.

Nature of Mineral Exploration and Mining

Mining operations are inherently dangerous and generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, including, without limitation: unusual and unexpected geologic formations; seismic activity; rock bursts; cave-ins or slides; flooding; pit wall failure; periodic interruption due to inclement or hazardous weather conditions; and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or death, damage to property and environmental damage, all of which may result in possible legal liability. Milling operations are subject to hazards such as fire, equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The occurrence of any of these events could result in a prolonged interruption of the Company's operations that would have a material adverse effect on its business, financial condition, results of operations and prospects.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical

processes and to construct mining and processing facilities at a particular site. The Company cannot give any assurance that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves or expand current reserves.

Whether a mineral deposit will be commercially viable depends on a number of factors, including, but not limited to:

- the interpretation of geological data obtained from drill holes and other sampling techniques;
- the particular attributes of the deposit, such as size, grade, metallurgy and proximity to infrastructure;
- the cost of power and water;
- gold prices which are highly cyclical;
- fluctuations in inflation and currency exchange rates;
- higher input commodity and labour costs;
- the cost of operations and processing equipment; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, allowable production, importing and exporting of minerals and environmental protection.

The Company's development projects are also subject to the issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may adversely affect the Company's business.

In addition, as a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the mine. The project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a mine. Substantial expenditures are required to build mining and processing facilities for new properties. The timeline to obtain these government approvals is often beyond the Company's control. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated.

The operations of the Company requires licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to maintain and/or obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on it.

The combination of these factors may result in the inability to develop the Company's non-producing properties, to achieve estimated production, revenue or cost levels, or to receive an adequate return on invested capital, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The decision of the Company to potentially produce at the Mercedes Project was not based on a technical report supporting mineral reserves or a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, which include increased risks associated with developing a

commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that anticipated production costs will be achieved. Failure to achieve the anticipated production costs would have a material adverse impact on the Company's cash flow and future profitability.

Uncertainty in the Estimation of Mineral Reserves and Mineral Resources

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in gold prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce the Company's mineral reserves. Should reductions in mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition.

Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that mineral resources will be upgraded to proven or probable mineral reserves.

Mineral Resources do not have Demonstrated Economic Viability

Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no assurance that the mineral resources set out in this AIF will ever be classified as proven or probable mineral reserves as a result of continued exploration. In addition, mineral resources that are classified as inferred mineral resources are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as reserves. Due to the uncertainty which may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

Revenues and Guidance

The Company has recently restarted production at the San Francisco mine, however, is still in the operational ramp-up phase leading up to full production capacity. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as costs increase for the personnel, consumables, equipment and consultants associated with advancing exploration, development and production. The Company has not yet generated revenues over a financial reporting period sufficient to fund its continuing operations.

The Company has recently commenced providing estimates and projections of its future production. Any such information is forward-looking. Neither the Company's auditors nor any other independent expert or outside party compiles or examines this forward-looking information. Accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Such estimates are made by the Company's management and technical personnel and are qualified by, and subject to the assumptions, contained or referred to in the filing, release or presentation in which they are made. Any such production guidance or other financial or cost estimate the Company may provide speaks only as of the date on which they are made, and the Company disclaims any intent or obligation to update such estimates except as required by applicable laws, whether as a result of new information, future events or otherwise. Accordingly, this forward-looking information should be considered in the context in which it is provided and undue reliance should not be placed on it.

Additional Funding Requirements

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of mineral properties in the future, and, from time to time, the Company may require additional financing in order to carry out these activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities, delay or indefinitely postpone further exploration and development of its projects with the possible loss of such properties, and reduce or terminate its operations. The Company may have limited ability to expend the capital necessary to undertake or complete its projects or to fulfill the Company's obligations under any applicable agreements. There can be no assurance that debt or equity financing, or cash flow generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms favourable to the Company. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. If the Company's future revenues decrease as a result of lower commodity prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its reserves or to maintain its production. Any transaction involving the issuance of equity securities or securities convertible into Common Shares would result in dilution, possibly substantial, to present and prospective holders of Common Shares.

Production Estimates

The Company has mineral reserve estimations for its San Francisco Project and such estimates are based on a pre-feasibility study. The Company cannot give any assurance that such estimates will be achieved. Failure to achieve such estimates could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. The realization of estimates is dependent on, among other things, the accuracy of mineral reserve and mineral resource estimates, the accuracy of assumptions regarding grades and recovery rates, ground conditions (including hydrology), the physical characteristics of deposits, the presence or absence of particular metallurgical characteristics and the accuracy of the estimated rates and costs of mining, haulage and processing. Actual production may vary from estimates for a variety of reasons, including the actual ore mined varying from estimates of grade or tonnage; dilution and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies; mine failures or slope failures; industrial accidents; natural

phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; and restrictions or regulations imposed by government agencies or other changes in the regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities in addition to adversely affecting mineral production.

Cost Estimates

Capital and operating cost estimates discussed herein may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions, market conditions for required products and services, and other factors and assumptions regarding foreign exchange currency rates. Any of the following events could affect the ultimate accuracy of such estimate: unanticipated changes in grade and tonnage of ore to be mined and processed; incorrect data on which engineering assumptions are made; unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour negotiations; changes in government regulation (including regulations regarding prices, cost of consumables, royalties, duties, taxes, permitting and restrictions on production quotas on exportation of minerals); and title claims. Changes in the Company's anticipated production costs could have a major impact on any future profitability. Changes in costs of the Company's anticipated mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, a change in commodity prices, increased costs (including oil, steel, and diesel) and scarcity of labour, and could result in changes in profitability or mineral reserve and mineral resource estimates. Many of these factors may be beyond the Company's control. There is no assurance that actual costs will not exceed such estimates. Exceeding cost estimates could have an adverse impact on the Company's financial condition and results of operations.

Option Risk

The Company does not own the Mercedes Project and only has a right to acquire an interest therein pursuant to the QT Agreement. If the Company does not fulfill its obligations contemplated by the QT Agreement, it will not have any interest in the Mercedes Project.

Reliance on Key Persons

The Company's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel, including at the management level, and their performance in their assigned roles. Competition for such personnel may be intense and there can be no assurance that the Company will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Company is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, financial condition and results of operations.

The loss of any member of management or key employees could have a material adverse effect on the Company. The Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

Fluctuations in the Price of Gold

Gold is a commodity, the price of which is determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for gold have fluctuated widely in recent years. The volatility of mineral prices represents a substantial risk which no amount of planning or technical expertise

can fully eliminate. Metal prices are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Current and future price declines could cause commercial production or the development of new mines to be impracticable. If gold prices decline significantly, or decline for an extended period of time, the Company might not be able to continue its operations, develop its properties, or fulfill its obligations under its permits and licenses, or under its agreements with its partners. This could result in the Company losing its interest in some or all of its properties or being forced to cease operations or development activities or to abandon or sell properties, which could have a negative effect on the Company's profitability and cash flow.

Currency Risk

Currency fluctuations may affect costs at the Company's operations. The three main types of foreign exchange risk the Company faces can be categorized as follows:

(a) Transaction exposure: Operations incur costs in different currencies. This creates exposure at the operational level, which may affect profitability as exchange rates fluctuate;

(b) Exposure to currency risk: The Company is exposed to currency risk through a portion of the following assets and liabilities denominated in currencies other than the Canadian dollar: cash and cash equivalents, trade and other receivables, trade and other payables, reclamation and closure costs obligations, warrants and gross balance exposure; and

(c) Translation exposure: Up to March 31, 2020, the Company's reporting currency was the Canadian dollar. Effective April 1, 2020, the Company changed its presentation currency to the United States dollar. The functional currency of Magna and 266 is the Canadian dollar. The functional currency of Minera Magna and LM Mining is the Mexican Peso. The functional currency of Molimentales is the United States dollar. Gold is sold throughout the world based principally on the United States dollar; and the Company's operations have assets and liabilities denominated in the Canadian dollar, the United States dollar and the Mexican peso, with translation foreign exchange gains and losses included from these balances in the determination of profit or loss. Therefore, as the exchange rates between the United States dollar against the Canadian dollar and Mexican peso fluctuate, the Company will experience foreign exchange gains and losses, which can have a significant impact on its consolidated operating results.

As a result, fluctuations in currency exchange rates could significantly affect the Company's business, financial condition, results of operations and liquidity.

No Assurance of Title

While the Company has reviewed and is satisfied with the title to the properties in which it holds or intends to acquire an interest and, to the best of its knowledge, title to all of its properties is in good standing, there is no guarantee that title to such property will not be challenged or impugned. The properties may be subject to prior unregistered agreements or transfers. In those jurisdictions where the Company has property interests, the Company undertakes searches of mining records and obtains title opinions from reputable counsel in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends

to acquire an interest but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such property, prior unregistered agreements or transfers, and title may be affected by undetected encumbrances or defects or governmental actions.

Surface Rights and Access

Although the Company acquires the rights to some or all of the minerals in the ground with respect to the properties that it acquires, or has a right to acquire, it does not necessarily acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop mineral deposits it may locate.

Political Stability and Governmental Regulations in Mexico

The Company holds mineral interests in Mexico that may be affected in varying degrees by political instability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Mexico. Any changes in regulations or shifts in political conditions are beyond the Company's control and may adversely affect its business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety.

The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. The Company's operations may also be adversely affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression, crime, extreme fluctuations in currency exchange rates and high inflation.

Additional Business and Financial Risks Inherent in Doing Business in Mexico

The Company's principal operations and mineral properties are located in Mexico. There are additional business and financial risks inherent in doing business in Mexico as compared to the United States or Canada. Since 1995, Transparency International has published the Corruption Perceptions Index ("**CPI**") annually ranking countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI ranks countries on a scale from 100 (very clean) to 0 (highly corrupt). In 2020 and out of 180 countries in the World, Canada was ranked 11th with a CPI score of 77, the United States was ranked 25th with a CPI score of 67 and Mexico was ranked 124th with a CPI score of 31. Anything below 50 indicates governments are failing to tackle corruption and it represents a challenge in those countries requiring extra attention by those who conduct business there.

Corruption does not only occur with the misuse of public, government or regulatory powers, it also can occur in business' supplies, inputs and procurement functions (such as illicit rebates, kickbacks and dubious vendor relationships) as well as the inventory and product sales functions (such as inventory shrinkage or skimming).

Employees as well as external parties (such as suppliers, distributors and contractors) have opportunities to commit procurement fraud, theft, embezzlement and other wrongs against the Company. While corruption, bribery and fraud risks can never be fully eliminated, the Company reviews and implements controls to reduce the likelihood of these irregularities occurring.

In addition, risks of operations in Mexico include fluctuations in currency exchange rates, inflation and significant changes in laws and regulations including but not limited to tax regulations, permitting and expropriation. These risks may limit or disrupt the Company's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation. There can be no assurance that changes in the government or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect the Company's business, financial condition, results of operation and prospects.

COVID-19

Near the end of March 2020, there was a global outbreak of COVID-19, a pandemic infectious disease that has had a significant impact on the global economy including that of Canada and Mexico, where the Company operates, through restrictions put in place by the various levels of governments regarding travel, business operations and isolation orders to reduce the rate of spread of new infections. As the outbreak of COVID-19 presents risks that are unknown at this time and may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to significant pandemic threats, there are potentially significant economic and social impacts caused by this infectious disease risk, including the inability of the Company's exploration, development and production activities to continue as intended. The Company continues to monitor its ability to access its properties. COVID-19 may have a material impact on the market and could also impact the ability of the Company to obtain financial resources in the future. COVID-19 could cause disruptions to the Company's business and operational plans, including shortages of employees, unavailability of contractors and subcontractors, interruption of supplies from third parties upon which the Company relies, restrictions that governments impose to address the COVID-19 outbreak, and restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others. At this time, it is not possible to reliably estimate the financial impact of the length or severity of COVID-19 on the business and operations of the Company. As at the date of this AIF, COVID-19 has not had a material impact on the development of the San Francisco Project nor has it had a material impact on the Company's exploration projects.

Tax Matters

The Company is subject to income taxes and other taxes in a variety of jurisdictions and the Company's tax structure is subject to review by both Canadian and foreign taxation authorities. The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company is subject to routine tax audits by various taxation authorities. Tax audits may result in additional tax, interest payments and penalties which would negatively affect the Company's financial condition and results of operations. New laws and regulations or changes in tax rules and regulations or the interpretation of tax laws by the courts or the taxation authorities may also have a substantial negative impact on the Company's business. There is no assurance that the Company's current financial condition will not be materially adversely affected in the future due to such changes.

Environment Risk

All phases of the natural resource business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. Legislation may also require that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to domestic or foreign governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

Many of the regulations require the Company to obtain permits for its activities. The Company must update and review its permits from to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time. Governments at all levels may be moving towards enacting legislation to address climate change concerns, such as requirements to reduce emission levels and increase energy efficiency, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Where legislation has already been enacted, such regulations may become more stringent, which may result in increased costs of compliance. There is no assurance that compliance with such regulations will not have an adverse effect on the Company's results of operations and financial condition. Furthermore, given the evolving nature of the debate related to climate change and resulting requirements, it is not possible to predict the impact on the Company's results of operations and financial condition.

Availability of Infrastructure, Energy and Other Commodities

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, railways, power sources and water supply are important determinants affecting capital and operating costs. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual or infrequent weather phenomena, sabotage, community or government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations, financial condition and results of operations.

Profitability is affected by the market price and availability of commodities that the Company uses or consumes for its operations and planned development projects. Prices for commodities like diesel fuel, electricity, steel, concrete and chemicals (including cyanide) can be volatile, and changes can be material, occur over short

periods of time and be affected by factors beyond the Company's control. The Company's operations depend on suppliers to meet those needs. Higher costs for construction materials like steel and concrete could affect the timing and cost of the Company's projects.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules.

Additionally, the Company relies on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for, the development, construction and operations at the San Francisco Project. As a result, operations will be subject to a number of risks, some of which are outside of the Company's control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events, failure of a supplier or contractor to perform under its agreement with the Company, failure of a supplier or contractor to comply with applicable legal and regulatory requirements and failure of a supplier or contractor to properly manage its workforce resulting in labour unrest or other employment issues. The occurrence of one or more of these risks could have a material adverse effect on the Company's business, results of operations and financial condition.

Insurance and Uninsured Risks

The Company's involvement in the exploration, development and production of mining properties may result in the Company becoming subject to liability for certain risks including, and in particular, unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes, pollution, blow-outs, property damage, personal injury or other hazards.

Although the Company may obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects. No assurance can be given that insurance to cover the risks to which the Company's activities will be subject will be available at all or at economically feasible premiums. Insurance against environmental risks (including potential for pollution or other hazards as a result of the disposal of waste products occurring from production) is not generally available to the Company or to other companies within the industry. The payment of such liabilities would reduce the funds available to the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

Health and Safety Risks

A violation by the Company of health and safety laws, or the failure of the Company to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on its properties or any part thereof, a loss of the right to conduct operations on the properties, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's business, financial condition and results of operations.

Volatility of Current Global Financial and Economic Conditions

Current global financial conditions have been subject to continued volatility. Government debt and the risk of sovereign defaults in many countries have been causing significant uncertainties in the markets. High levels of volatility and market turmoil could adversely impact commodity prices, exchange rates and interest rates and have a detrimental effect on the Company's business. The Company's future performance will be affected by a range of economic, competitive, governmental, operating and other business factors, many of which cannot be controlled, such as general economic and financial conditions in the industry or the economy at large. Many industries, including the mining industry, are impacted by global market conditions. Some of the key impacts of previous financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and metals markets and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including, but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, changes in interest rates and changes in tax rates may adversely affect the Company's growth and profitability potential.

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources. Competition in the mining industry is primarily for the following: mineral-rich properties that can be developed and produced economically; technical expertise to find, develop and operate such properties; labour to operate the properties; and capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to: acquire desired properties; recruit or retain qualified employees; or obtain the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Furthermore, increased competition could result in increased costs and lower prices for metal and minerals produced which, in turn, could reduce profitability. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. In the event that such a conflict of interest arises at a meeting of the Board, a director is required by the OBCA to disclose the conflict of interest and to abstain from voting on the matter.

Governmental Regulations

Mining activities may be affected in varying degrees by political and financial instability, inflation and haphazard changes in government regulations relating to this industry. Any changes in regulations or shifts in political or financial conditions are beyond the Company's control and may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety.

Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Compliance with Anti-Corruption Laws

The Company is subject to various anti-corruption laws and regulations such as the *Canadian Corruption of Foreign Public Officials Act*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents.

The Company's projects are located in Mexico, which is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and/or its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, financial condition and results of operations.

Litigation and Other Proceedings

All companies are subject to legal claims, with and without merit. The Company's operations are subject to the risk of legal claims by employees, unions, contractors, lenders, suppliers, joint venture partners, shareholders, governmental agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation and other legal proceedings that the Company may be involved in the future, particularly regulatory actions, is difficult to assess or quantify. Plaintiffs may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from the time and effort of the Company's management and could force the Company to pay substantial legal fees. There can be no assurance that the resolution of any particular legal proceeding will not have an adverse effect on the Company's financial position and results of operations.

Community Relations and Public Opposition to Mining Activities

The Company's relationships with the communities in which it operates are critical to the future success of its existing operations and the construction and development of its projects. In recent years, there has been ongoing and potentially increasing public concern relating to the effects of resource extraction on the natural landscape, communities and the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose globalization and resource development can be vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. In addition, there have been many instances in which local community groups have opposed resource extraction activities, resulting in disruption and delays to the relevant operations. Adverse publicity generated by such NGOs or others related to the mining industry or to the extractive industries generally, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, there is no guarantee that its efforts in this respect will mitigate this potential risk. NGOs or local community groups could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, despite the Company's successful compliance with social and environmental best practices. Any such actions and the resulting media coverage could have adverse effects on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the business, financial condition, results of operations, cash flows or prospects of the Company.

Unknown Liabilities in Connection with Acquisitions

As part of the Company's acquisitions, the Company has assumed certain liabilities and risks. While the Company conducted thorough due diligence in connection with such acquisitions, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's financial position and results of operations.

Acquisitions and Integration

From time to time, the Company examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio; a material property may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may experience dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company are located outside of Canada and certain of the directors and officers of the Company are resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors and officers of the Company residing outside of Canada.

Dilution and Future Sales or Issuances of Equity Securities

The Company has limited financial resources and will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at its mineral projects, develop any such projects or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. The Company may sell additional equity securities (including through the sale of securities convertible into equity securities) in the future to finance its operations or may issue additional equity securities (including through the issuance of securities convertible into equity securities) as consideration for future acquisitions. The Company cannot predict the size or nature of future sales or issuances of equity securities or the size and terms of future sales or issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that such future sales and issuances will have on the market price of the Common Shares.

Additional issuances of such securities may involve the issuance of a significant number of Common Shares at prices less than the current market price for the Common Shares. Sales or issuances of a significant number of Common Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and economic interest in the Company. Exercises of presently outstanding stock options or warrants may also result in dilution to security holders.

Volatility of the Trading Price of the Common Shares

The Common Shares are listed and posted for trading on the TSXV. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur, which may result in losses to investors. The purchase of Common Shares should be undertaken only by investors who have no need for immediate liquidity in their investment.

The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including, but not limited to: the Company's operating performance and the performance of competitors and other similar companies; volatility in gold and other metal prices; the public's reaction to the Company's news releases, other public announcements and the Company's filings with the various securities regulatory authorities; the ability of the Company to meet the reporting and other obligations under Canadian securities laws or imposed by the TSXV; changes in recommendations by research analysts who track the Common Shares or the shares of other companies in the resource sector; a reduction in coverage by such research analysts; changes in general economic and/or political conditions; the arrival or departure of key personnel; and acquisitions, strategic alliances or joint ventures involving the Company or its competitors, which, if involving the issuance of Common Shares, or securities exercisable or exchangeable for or convertible into Common Shares, would result in dilution to present and prospective holders of Common Shares. In addition, the market price of the Common Shares is affected by many variables not directly related to the Company's success and are, therefore, not within the Company's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the Common Shares and the attractiveness of alternative investments.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

No Dividends

The Company has not paid dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, capital requirements, business opportunities and restrictions contained in any financing agreements.

MATERIAL MINERAL PROJECTS

San Francisco Project

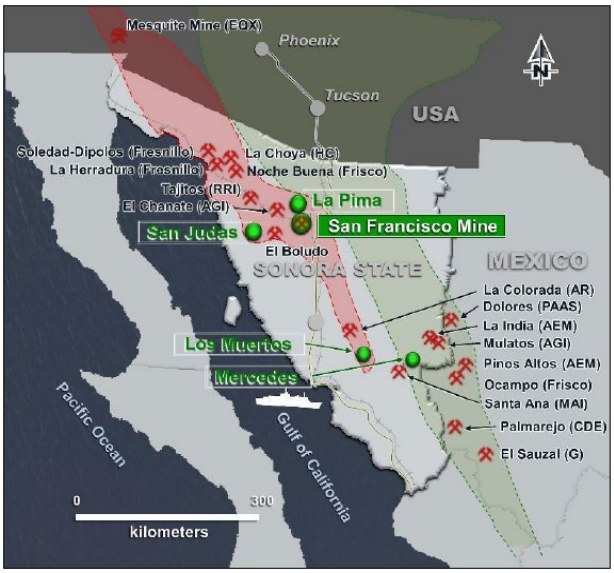
Unless stated otherwise, the information in this section has been derived from the San Francisco Technical Report, is effective as of the date of the San Francisco Technical Report and was reviewed by, and included with the consent of, William J. Lewis, P.Geo., Richard M. Gowans, P.Eng., Nigel Fung, B.Sc.H, B.Eng., P.Eng., Christopher Jacobs, CEng, MIMMM, Ing. Alan San Martin, MAusIMM(CP), and Rodrigo Calles-Montijo, CPG, the authors of the San Francisco Technical Report. Portions of the following information are based on assumptions, qualifications and procedures, which are not fully described herein. Reference should be made to the full text of the San Francisco Technical Report, which is available for review under the Company's profile on SEDAR at www.sedar.com. The San Francisco Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Property Description, Location and Access

The San Francisco Property is located in the north central portion of the Mexican state of Sonora, which borders on the American state of Arizona, and is approximately 150 kilometres north of the city of Hermosillo, the capital of Sonora. The San Francisco Project is located two kilometres west of the town of Estación Llano and is accessed via Mexican State Highway 15 (Pan American Highway) from Hermosillo.

The term "**San Francisco Project**" refers to the area related to the exploitation concessions controlled by Magna, while the term "**San Francisco Property**" refers to the entire land package (mineral exploitation and exploration concessions) under Magna's control. The location of the San Francisco Project is shown in the figure below.

San Francisco Project Location Map



Magna holds the San Francisco Project, which consists of 13 mineral concessions, through its indirect subsidiary Molimentales. All of the concessions are contiguous and each varies in size for a total property area of 33,667.72 hectares (ha). All concessions are subject to a bi-annual fee and the filing of reports in May of each year covering the work accomplished on the property between January and December of the preceding year. The information for the thirteen concessions is summarized in the table below.

San Francisco Project, Summary of Mineral Concessions (with Fees for 2020 noted)

Mineral Concession Name	Title Number	Owner	Location (UTM Nad 27 Mex)	Area (hectares)[1]	Location Date	Expiry Date	Bi-Annual Fee (US$)[2,3]
San Francisco	198971	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	48.0000	February 11, 1994	February 10, 2044	865
San Francisco Dos	209618	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	315.6709	August 3, 1999	August. 2, 2049	5,600
San Francisco Cuatro	219301	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	5,189.7041	February 25, 2003	February 25, 2053	93,000
Llano II	197203	Molimentales del Noroeste, S.A. de C.V.	483,652.702 E 3,356,290.081 N	500.0000	December 19, 1991	December 18, 2041	8,960
Llano III	197202	Molimentales del Noroeste, S.A. de C.V.	483,652.702 E 3,356,290.081 N	500.0000	December 19, 1991	December 18, 2041	8,960
Llano IV	222787	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	500.0000	August 31, 2004	August 30, 2054	8,960
Llano V	222788	Molimentales del Noroeste, S.A. de C.V.	483,652.702 E 3,356,290.081 N	500.0000	August 31, 2004	August 30, 2054	8,960
Timmins	226519	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	337.0000	January 24, 2006	January 23, 2056	6,050
Timmins III Fraccion 1	227237	Molimentales del Noroeste, S.A. de C.V.	481,529.246 E 3,371,837.280 N	346.0004	May 26, 2006	May 25, 2056	6,200
Timmins III Fraccion 2	227238	Molimentales del Noroeste, S.A. de C.V.	481,529.246 E 3,371,837.280 N	54.2835	May 26, 2006	May 25, 2056	975
Timmins II Fraccion Sur[1]	228260	Molimentales del Noroeste, S.A. de C.V.	488,675.174 E 3,359,396.801 N	20,370.0604	March 14, 2006	March 13, 2056	366,000

Mineral Concession Name	Title Number	Owner	Location (UTM Nad 27 Mex)	Area (hectares)[1]	Location Date	Expiry Date	Bi-Annual Fee (US$)[2,3]
Pima Reduccion[1]	228261	Molimentales del Noroeste, S.A. de C.V.	486,058.775 E 3,375,493.728 N	4,997.0000	March 14, 2007	March 13, 2056	90,000
La Mexicana	191137	Molimentales del Noroeste, S.A. de C.V.	487,910,487 E 3,363,995.686 N	10.0000	April 29, 1991	April 28, 2041	180
Total:	-	-	-	**33,667.72**	-	-	**604,710**

Notes:

(1) The Timmins II claim, originally staked with a surface of 39,403.0000 ha, was titled by the Direccion General de Minas (DGM) with a surface of 36,142.0604 ha after surveying was completed. In 2008, due to a change in exploration strategy, the Timmins II claim was divided into two claims, Timmins II Fraccion Sur and Pima. In 2015, the surface area of the Pima claim was reduced from 15,772 ha to 4,997 ha.

(2) Fees are estimated in US dollars based on the rates published in the "Diario Oficial de la Federacion (DOF)". The exchange rate used is 19 pesos = 1 US dollar.

(3) The table includes payment for both semesters of 2020.

In 2006, a temporary occupancy agreement was signed with an agrarian community (an Ejido) in Mexico called Los Chinos, whereby Molimentales was granted access privileges to 674 ha, the use of the Ejido's roads, as well as being able to perform all exploration work on the area covered by the agreement. During August and September 2009, Molimentales acquired the 800 ha of surface land on which the San Francisco mine is located, by means of five purchase agreements covering all of the Ejido Jesus Garcia Heroe de Nacozari's five former parcels that together form the 800 ha. In September 2011, Molimentales acquired 732 ha from the Ejido Los Chinos, which was originally part of the exploration agreement signed in 2006. Since completing the purchase from the Ejido Los Chinos, Molimentales has not undertaken any further land purchases and believes no further purchases are necessary at this time.

On February 23, 2011, an additional 95,000 ha of claims were staked along the highly prospective Sonora-Mojave Megashear structural province in northern Sonora with additional claims staked in subsequent years. In 2015 and 2016, the regional concessions were reduced with only ground that was deemed significant to future exploration kept. The information regarding the regional mineral concessions staked is summarized in the table below.

San Francisco Property, Summary of the Regional Mineral Concessions (with Fees for 2020 noted)

Mineral Concession Name[1]	Title Number	Owner	Location (UTM Nad 27 Mex)	Area (hectares)[1]	Location Date	Expiry Date	Bi-Annual Fee (US$)[2,3]
Norma Reduccion	229257	Molimentales del Noroeste, S.A. de C.V.	452,096.625 E 3,365,740.855 N	4,989.0250	March 28, 2007	March 27, 2057	90,000
Patricia	229241	Molimentales del Noroeste, S.A. de C.V.	423,787.078 E 3,333,878.085 N	3,539.4141	March 27, 2007	March 26, 2057	63,500
Los Carlos	227334	Molimentales del Noroeste, S.A. de C.V.	423,787.078 E 3,333,878.085 N	9.0000	March 5, 2002	March 4, 2052	162
Los Carlos 2	215707	Molimentales del Noroeste, S.A. de C.V.	423,787.078 E 3,333,878.085 N	93.3800	March 4, 2002	March 5, 2052	1,675
Los Carlos 3	225423	Molimentales del Noroeste, S.A. de C.V.	423,787.078 E 3,333,878.085 N	177.6907	September 6, 2005	September 5, 2055	3,200
Dulce	228428	Molimentales del Noroeste, S.A. de C.V.	472,205.063 E 3,348,823.297 N	150.0000	November 22, 2006	November 21, 2056	2,690
Dulce I	240007	Molimentales del Noroeste, S.A. de C.V.	503,058.158 3,384,863.624 N	4,325.6836	March 29, 2012	March 28, 2062	44,100
Total:	-	-	-	**13,284.1934**	-	-	**205,327**

Notes:

(1) During 2015 and 2016, a number of the claims to the northwest of the existing operation that comprised the regional exploration area were dropped but the claims containing the most significant exploration targets were maintained.
(2) Fees are estimated in US dollars based on the rates published in the "Diario Oficial de la Federacion (DOF)". The exchange rate used is 19 pesos = 1 US dollar.
(3) The table includes payment for both semesters of 2020.

For any concession to remain valid, the bi-annual fees must be paid and a report has to be filed during the month of May of each year which covers the work conducted during the preceding year. Concessions are extendable, provided that the application is made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements are in good standing. The bi-annual fee, payable to the Mexican government, to hold the group of contiguous mineral concessions for the San Francisco Project is US$604,710. The biannual fee to hold the group of contiguous mineral concessions which comprise the regional mineral property is US$205,327.

Since the San Francisco Project is located on a number of concessions upon which mining has previously been conducted, all exploration work continues to be covered by the environmental permitting already in place and no further notice is required to be given to any division of the Mexican government. The specific environmental permitting of the San Francisco mine site was obtained in December 2007, via an environmental assessment, and it is valid for the duration of the seven mineral concessions that comprise the mine, provided that Molimentales keeps the permitting in good standing. Water for any drilling programs at the San Francisco Project is obtained from the on-site water wells.

History

General History

Placer mining and small scale underground mining began in the San Francisco mine area during the early 1940s. This limited work drew Compania Fresnillo S.A. de C.V. ("**Fresnillo**") to the area in 1983. In 1985, three diamond drill holes and 30 conventional percussion drill holes were completed on the property. The results of these drill holes were encouraging enough to warrant additional diamond drilling during 1986. In 1987, 540 metres of underground development was conducted, including a decline and a number of drifts and cross-cuts. The decline was completed to the 685 metre elevation above sea level, where numerous 1.8 by 1.5 metre drifts and cross-cuts were developed. Fresnillo drilled 10 diamond drill holes and 25 reverse circulation drill holes in 1988, and an additional 226 reverse circulation holes in 1989. Metallurgical testing and an induced polarization survey were also completed in 1989. In 1990 and 1991, Fresnillo completed an additional 108 reverse circulation drill holes.

Fresnillo decided to sell the property in 1992, at which time it was acquired by Geomaque Explorations Ltd. ("**Geomaque**"). Geomaque completed a feasibility study in 1993 and drilled a further 69 reverse circulation drill holes in 1994. Geomaque conducted its activities in Mexico through its subsidiaries, Geomaque de Mexico, S.A. de C.V. ("**Geomaque de Mexico**") and Mina San Francisco, S.A. de C.V. ("**Mina San Francisco**"). Geomaque began construction of the San Francisco mine in 1995, with production beginning late in that year. Mining ended and the operation entered into a leach-only mode in November 2000. In May 2002, the last gold pour was conducted, the plant was mothballed, and clean-up activities at the mine site began.

In 2003, Geomaque sought and received shareholder approval to amalgamate the corporation under a new Canadian company, Defiance Mining Corporation ("**Defiance**").

On November 24, 2003, Defiance sold its Mexican subsidiaries, Geomaque de Mexico and Mina San Francisco, to the Astiazaran family and their private Mexican company. The Mexican subsidiaries held the San Francisco mine.

Alio (then Timmins Gold Corp. until its change of name on May 12, 2017) originally acquired the exploitation concessions covering the San Francisco Project, through its wholly-owned Mexican subsidiary, via an option agreement with Geomaque de Mexico on April 18, 2005. That option agreement was subsequently superseded by an acquisition agreement.

In April 2010, Alio announced that the San Francisco mine had entered back into production.

Historical Exploration by Alio

In 2007 and early 2008, geochemical surveys were conducted over the area occupied by the package of igneous and metamorphic rocks within the concessions. A total of 222 chip samples and 2,697 soil samples were collected. The sampling covered an area of just over 60 square kilometres using a sampling grid of 100 metres by 50 metres, oriented 25° east. The results confirmed the targets already identified from historical shallow underground workings developed by former owners along quartz veins containing high gold values. Extending sampling along the dominant structural trend allowed for new interpretations to identify possible conduits which could be feeder zones. The area covering the favourable lithologic unit between the San Francisco and La Chicharra pits was broadly sampled to identify further potential targets.

During May 2007, Alio contracted the Mexican Geological Service to survey 1,227 kilometres of high resolution aeromagnetic lineaments and radiometry and acquired raw data for a further 1,569 kilometres previously surveyed by the same institution which fully covered the surface of the property, over 40,000 ha. The resolution of the data varies due to the flight height, which ranged between 75 and 100 metres, with the lines spaced every 100 metres. Information sets were given to Engineering Zonge in Tucson for processing and interpretation. The conclusion of this study was the definition of the indicative structural lineaments of the tectonic sequence in northern Sonora. For the San Francisco Project, these lineaments should be correlated with geological and geochemical controls, combined with geological mapping and geochemistry, to identify the best exploration targets for gold and other types of mineralization, particularly in the northern portion of property where the metamorphic package hosts the El Durazno and La Pima mineral areas which are favourable for silver deposits and base metals in a replacement environment within the limestone rocks.

With a view to a more detailed interpretation as mentioned by Zonge in its conclusions, a Natural Source Audio-Frequency Magnetotelluric ("**NSAMT**") survey was completed on the San Francisco pit along the lines 200E, 0, 800W, 1,000W, 1,200W, 1,400W and 1,600W and on the La Chicharra pit along the lines 2,500W and 2,700W. A total of 19.2 kilometres of coverage in 10 survey lines with dipoles of 25 metres was completed. Two lines were 2,400 metres long and the remainder were 1,800 metres. The ten NSAMT lines completed on the San Francisco Project provide a detailed image of resistivity changes relating to geology in the vicinity of the San Francisco open pit mine.

The San Francisco pit is clearly located within the magnetic high zone, positioned along a linear contact seen in the radiometric data. In contrast, the La Chicharra pit is located in a non-magnetic zone also positioned along a linear contact observed in the radiometric data. Both pit locations are within the area thought to be the shear zone, and locally in areas characterized by contacts between intrusive (more resistive) and possibly altered (more conductive) rock types. The NSAMT program successfully identified the shear zone and provided sub-surface imaging of geologic trends that have been identified by airborne magnetic and radiometric surveys, in the test area.

From July 2013 to December 2015, very little exploration was conducted around the San Francisco and La Chicharra deposits. This is primarily because Alio focused most of its exploration efforts on fully exploring the area immediately surrounding the pits.

Very little exploration has been conducted in the San Francisco and La Chicharra areas since 2015.

Alio had started to explore the other mineralized areas located on the San Francisco Property, including the El Durazno Project, the Vetatierra Project, the 1B Area Project and the La Pima Project.

Historical Drilling by Alio

During August and September 2005, Alio conducted a drilling program comprised of 14 RC holes, based on the results of previous drilling conducted by both Fresnillo and Geomaque. The 2005 RC drilling program focused on confirming and exploring extensions of the gold mineralization to the northwest and southeast of the existing San Francisco pit. The results of the drilling program confirmed the extension of the gold mineralization to the northwest, beyond the limits of the pit, and the presence of a higher grade gold zone. To the southeast, the 2005 drilling results did not confirm the previous drilling conducted by Geomaque, with only erratic values detected.

In 2006, Alio conducted an intensive exploration drill program which was based on the analysis of Geomaque's drilling results, the 2005 Alio drill results, the geological and geochemical data and a structural re-interpretation of the gold mineralization controls within the known deposit. The drilling program consisted of 28 RC and 28 diamond drill holes within three general target areas. The first area covered by the drilling program was the immediate area north and northwest of the existing San Francisco pit, with a particular emphasis placed on drilling in the area covered by the former crusher. The second area covered by the 2006 drilling program was located to the north and south of the La Chicharra pit. The third area covered by the drill program investigated places where direct observations by Alio geologists and previous geological mapping indicated favourable lithology, hydrothermal alteration and geochemical results for the continuation of the mineralization around the existing San Francisco pit. The 2006 drilling program to the north of the San Francisco pit was considered to be successful as it confirmed the continuity, both laterally and at depth, of the mineralized intersections known from previous drill holes, in a portion of the San Francisco Project which comprises the area from Section 880NE to 1040NE, a distance of 160 metres along the main mineralized system and 150 metres following the northwest extension. The results of the 2006 drilling in the immediate area of the La Chicharra pit confirmed the extension of the gold mineralization in the projected dip direction to the north.

During 2007, Alio conducted field work and exploration drilling to evaluate the extent of the gold mineralization in other zones on the property. This program was primarily concentrated to the north of the existing San Francisco pit limits and to the north of the La Chicharra pit. Forty holes totalling 4,838 metres of core drilling were completed in this program which also included 1,327 metres of condemnation drilling west of the original leach pads.

In the west pit area, a total of seven drill holes were completed which totalled 972.25 metres. The drilling confirmed the continuity of the high-grade intersections previously encountered. In the area of the La Chicharra pit a total of nine drill holes were completed totalling 1,369 metres. The results of this drilling extended the strike length by 300 metres and confirmed the down dip extension of the La Chicharra deposit to at least 400 metres.

Nineteen holes totalling 1,700 metres of in-fill drilling were completed in the crusher area and, of this total, 341 metres in three drill holes were completed during the 2007 drilling program. This portion of the drilling program was designed to increase the confidence of the previously identified mineralized area by increasing the drilling density to be able to classify this material as a mineral resource. The three new holes did not represent a material change in this area.

Granite and gabbro are exposed along 400 metres of the south wall of the San Francisco pit and, as these rock types are two of the principal hosts of the gold-bearing veins and veinlets, a total of six drill holes were drilled in this area. The six drill holes totalled 450 metres and were drilled to test the down dip extent of the gold mineralization found in this area.

Two drill holes were completed southeast of the present pit adjacent to the waste dumps in order to confirm the presence of gold mineralization intersected by previous operators. Both holes were successful in outlining the gold mineralization further in this area.

Two drill holes were drilled southwest of the San Francisco pit in the Polvorines area. The two holes were successful in increasing drill hole density and mineral resource confidence level in this area.

An 11-hole condemnation drilling program totalling 1,327 metres was completed in the area west of the present leach pads. An area 500 metres by 500 metres was identified as being suitable for locating the future heap pads and/or operating facilities.

During the period from 2008 to the end of July 2010, a total of 57,753 metres in 613 drill holes were completed. Of this total, 48 holes totalling 3,723 metres were exploration RAB type holes drilled in the area between the La Chicharra and San Francisco pits and 50 holes totalling 5,207 metres were condemnation drilling in the area of the waste piles and new leach pads.

From July 2010 to June 2011, 691 RC and core holes were drilled for a total of 94,148 metres. Most of the RC drilling and the entire core drilling were performed in and around the San Francisco pit and, in June 2011, 36 RC holes totalling 6,170 metres were drilled in the northern area of the La Chicharra pit. The RC drilling included 9,817 metres in 67 holes of condemnation drilling which covered two areas. The first area was to the south of the existing waste dumps with the second area to the west of the new leach pads. The negative results allowed Alio to expand the existing waste dumps to the south and the negative results to the west of the leach pads allowed for this area to be used for the stockpile of the low-grade material.

The drilling conducted within and around the San Francisco pit comprised more than 80% of the drilling undertaken between July 2010 and June 2011. Both the RC and core drilling in this area indicated that the mineralization extends along strike, down-dip and occurs in new mineralized zones below the floor of the designed pit. The results indicated that additional mineralization occurred beneath the floor of the pit as parallel repetitions of the mineralized zones located in the pit, with a vertical extension of at least 200 metres, continuing beyond the current pit limits. Due to the positive results, a third core drill was added to the program.

In the area north of the La Chicharra pit, 6,170 metres of drilling in 36 RC holes identified the extension of the mineral deposit in the down-dip direction for a distance of almost 250 metres.

From July 2011 to June 2013, 1,464 RC and core holes were drilled for a total of 327,853 metres. Most of the drilling was undertaken in and around the San Francisco pit and the La Chicharra pit. The RC drilling included 13,219 metres in 62 holes of condemnation drilling and 3,842 metres in 20 holes for water monitoring. A further 8 RC holes totalling 107 metres were drilled on the low-grade stockpile for grade control purposes.

The drilling conducted within and around the San Francisco and La Chicharra pits comprised more than 92.8% of the drilling undertaken between July 2011 and June 2013. Both the RC and core drilling in these areas identified the extent of the mineralization along strike, as well as the extent down-dip, which remains open.

The in-fill and exploration holes in and around the San Francisco pit totalled 141,073 metres of RC drilling in 650 holes and 10,052 metres in 20 core holes. These holes were conducted to confirm and explore the extent of the mineralization at the San Francisco pit. In that regard, the program was successful in outlining the extent of the exploration in and around the pit. Drilling was completed at the pit area so that future drilling could be regarded as more of an in-fill drilling exercise rather than true exploration drilling.

From July 2011 to June 2013, 640 holes totalling 141,314 metres, including core and reverse circulation, were drilled in the La Chicharra pit and in the area surrounding the La Chicharra pit. The objectives were to conduct an in-fill drill program to upgrade the inferred mineral resource in the original block model to measured or

indicated resources, and to potentially add to the mineral resources. The exploration program was successful in outlining the extent of the mineralization and upgrading the resource estimation at the La Chicharra pit and surrounding area.

The La Chicharra drill campaign for 2011 and a portion of 2012 focused on the area to the north of the existing pit and within the pit. This campaign was generally in-fill drilling to upgrade the existing inferred resource to indicated or measured resources. Based upon this program and the analysis of previous drilling campaign results, the drilling was extended, to the east-southeast and to the west-northwest. In the east-southeast direction, the mineralized zone is spotty and is restricted to narrow intervals with erratic gold values. In general, the results of the programs allowed the resources to be successfully upgraded to indicated and measured resources and for mine planning to be conducted.

A total of 6,783.75 metres in 63 RC holes were drilled between 2014 and 2015 as part of the San Francisco mine in-fill drilling program on Phase 3, Phase 4 East and Phase 4 down. The aim of both drill programs was to confirm the gold mineralization in the short term mine plan, as well as to reduce the drilling spacing and confirm the mineralization reported by the historical drill holes.

An exploration/in-fill drill program (Phase 5) was executed on the south wall of the San Francisco pit with the aim of exploring the continuity of the gold mineralization below Phase 3. An in-fill drill program on the south wall was also conducted to partly identify the extent of the high-grade gold mineralization related to two main structures that could potentially be extracted using underground mining methods. Thirty-one RC holes totalling 4,376.92 metres and 20 core holes totalling 2,185.30 metres were drilled on south wall of the San Francisco pit.

In 2014, a program of RC condemnation drilling was conducted on the western side of the existing leach pads. The program consisted of 21 holes totalling 3,642 metres. The assay results for this program did not indicate any economic gold intersections in this area.

From July to September 2014, a total of 21,202.27 metres of RC, core and RAB drilling was completed on the targets to the north of the San Francisco pit. This drilling included 3 RAB sections over five kilometres in length, with RAB drilling on the La Mexicana-Vetatierra corridor, the 1B area and the La Vetatierra target. The 1B area and La Vetatierra targets were also drilled using both core and RC equipment. The objective of this drilling was to provide geological evidence for the discovery of a new gold deposit in the area closest to the existing mining operation, that could act as either a satellite pit or standalone operation.

From July 2016 to March 2017, 13,877 metres distributed in 101 holes of RC in-fill drilling were collared in three different zones within the current San Francisco mine operations. The holes were distributed as follows:

- San Francisco Phase 5: 10,456 metres in 54 RC holes.
- La Chicharra satellite north and north west pit: 2,487 metres in 32 RC holes.
- Las Barajitas Pits: 934 metres in 15 RC holes.

An in-fill drill program was carried out on Phase 5 of the San Francisco pit with the objective of confirming and testing the continuity mineralization reported by the historical Geomaque drilling, and to reduce the drill spacing along the sections. Phase 5 is approximately a 70 metre push back of the north wall of Phase 4 within the San Francisco pit. The Las Barajitas drill program was conducted to in-fill the drilling for two small pit designs located southeast of the San Francisco pit. A total of 15 drill holes were collared to test the continuity of gold mineralization and reduce the drill spacing on the sections. A total of 32 RC holes were drilled on the two satellite pits located north and northwest of the main La Chicharra pit. The in-fill drilling was conducted to reduce the drill spacing between the holes along the sections and to confirm the ore zone interpretations.

The July 2016 to March 2017 in-fill drill program confirmed the continuity of the gold mineralization in the three areas (San Francisco mine, La Chicharra and Las Barajitas pits). Mining has been undertaken in all three locations.

In the period from August to December 2017, 140 RC holes totalling 28,416.50 metres were drilled within and at the periphery of the San Francisco pit (including Las Barajitas to the southeast of the San Francisco pit and in the Cementerio area at the bottom western extremity of the pit). The main objective of the drilling was to confirm the continuity of the mineralization in Phase 6 of the mine plan.

Taking advantage of the position of the drill pads, most of the drill holes in Phase 6 were continued at depth to explore and to partly confirm the projection at depth of the mineralization for Phase 7 and Phase 8. The assay results of the drilling for Phase 6 basically confirmed the existing resources, as expected.

From May to July 2018, 105 reverse circulation holes were drilled for a total of 7,154 metres with an average depth of 68 metres. All in-fill drill holes were conducted to better understand the nature of the mineralization within the existing mining Phases 5, 6, 7, 8 and 9.

Historical Resource and Reserve Estimates

When Alio acquired the San Francisco Project, it contained a historical 2001 mineral resource estimate completed by Geomaque prior to closing the mine for economic reasons. There was no technical report in relation to this resource estimate. It was based upon the lateral and depth extensions of the mineralization previously mined from the San Francisco pit and was derived from a number of drill holes which intersected this mineralization.

Alio used this mineral resource as the basis of its acquisition of the San Francisco Project and then proceeded to conduct a program of compilation work and further exploration to verify the mineralization as outlined by Geomaque. The exploration and verification work allowed Alio to conduct an updated resource estimate that superseded 2001 Geomaque estimate.

In a news release dated August 10, 2018, Alio reported the mineral reserves and mineral resources as of July 1, 2018 for the San Francisco Project. The table below summarizes the mineral resources and reserves from the August 10, 2018 Alio news release. Resources were estimated at a gold price of US$1,350 per ounce and were reported inclusive of reserves. Reserves were based on a gold price of US$1,250 per ounce.

San Francisco Project – Historical Reserves and Resources as of July 1, 2018

Mineral Reserves	Proven			Probable			Proven & Probable		
	Metric Tonnes	Au g/t	Contained Au Ounces	Metric Tonnes	Au g/t	Contained Au Ounces	Metric Tonnes	Au g/t	Contained Au Ounces
San Francisco	17,757,023	0.518	273,741	23,359,785	0.540	405,239	41,116,808	0.514	678,980
La Chicharra Pit	5,328,803	0.522	89,489	1,835,220	0.437	25,804	7,164,023	0.501	115,292
Total	**23,085,826**	**0.489**	**363,230**	**25,195,005**	**0.532**	**431,043**	**48,280,831**	**0.512**	**794,272**
Low-grade stockpile	7,199,000	0.260	60,200				7,199,000	0.260	60,200

Mineral Resources	Measured			Indicated			Measured & Indicated		
	Metric Tonnes	Au g/t	Contained Au Ounces	Metric Tonnes	Au g/t	Contained Au Ounces	Metric Tonnes	Au g/t	Contained Au Ounces
San Francisco	33,041,153	0.547	580,545	38,485,816	0.557	688,856	71,526,969	0.552	1,269,403
La Chicharra Pit	6,674,718	0.550	118,028	6,019,509	0.500	96,766	12,694,227	0.526	214,794
Total	**39,715,871**	**0.547**	**698,574**	**44,505,325**	**0.549**	**785,621**	**84,221,196**	**0.548**	**1,484,197**

Mineral Resources	Inferred		
	Metric Tonnes	Au g/t	Contained Au Ounces
San Francisco	1,725,608	0.528	29,293
La Chicharra Pit	222,238	0.462	3,301
Total	**1,947,846**	**0.520**	**32,594**

Note:

(1) Figures may not total due to rounding

Magna considers the July 1, 2018 Alio mineral resources and reserves to be historical. Magna has conducted a new resource and reserve estimation for the San Francisco Project. The new resource and reserve estimates supersede the estimates reported by Alio in its news release dated August 10, 2018.

Historical Production

Historical production occurred at the San Francisco mine between 1996 and 2002. Production was conducted using open pit mining methods, with gold recovered by heap leaching. During this production phase, the San Francisco mine extracted 13,490,184 t at a grade of 1.13 g/t gold for a total of 488,680 contained ounces of gold. A total of 300,281 oz of gold and 96,149 oz of silver were recovered, with the gold recovery estimated to be 61.4%.

The San Francisco mine resumed commercial production in April 2010. The table below summarizes production from April 2010 to the end of 2019, by quarter. Ore of lower grade was stockpiled for processing at the end of the mine life. Alio reported that, at the end of March 2016, a total of 8.121 Mt at an average grade of 0.260 g/t gold had been placed on the low-grade stockpile since 2010. As of the end of December 2019, Alio had processed from the stockpiles a total of 7.406 Mt at an average grade of 0.224 g/t gold. During 2019, Alio ceased processing material from the open pits and concentrated on processing material from the stockpiles. When Magna acquired the San Francisco Project in 2020, the operation was on residual leach.

San Francisco Project, Annual Production from April 2010 to the End of December 2019 (by Quarter)

Year	Quarter	Total Ore Extracted (dry tonnes)	Avg Grade Extracted (g/t Gold)	Total Gold Extracted (oz Au)	ROM Extracted (dry tonnes)	Avg Grade ROM Extracted (g/t Gold)	Waste Mined (dry tonnes)	Strip Ratio (w:o)	Processed Ore (dry tonnes)	Avg Processed Grade (g/t Gold)	Gold Placed on Leach Pad (oz Au)	Gold Sold (oz Au)	Days in Quarter	Average Ore Mined (tonnes/day)	Average Ore Processed (tonnes/day)	Total Mined (tonnes/day)
2010	April-June	989,146	0.768	24,427	0	0	4,057,842	4.10	905,296	0.718	20,904	10,375	91	10,870	9,948	55,461
	July-September	1,110,169	0.862	30,756	0	0.000	3,630,021	3.27	1,090,768	0.817	28,667	15,685	92	12,067	11,856	51,524
	October-December	1,271,281	0.947	38,712	0	0.000	4,498,925	3.54	1,208,677	0.939	36,483	20,030	92	13,818	13,138	62,720
2011	January-March	1,624,297	0.721	37,656	0	0.000	4,701,677	2.90	1,207,339	0.895	34,743	17,020	90	18,048	13,415	70,289
	April-June	1,648,231	0.762	40,370	0	0.000	4,239,137	2.57	1,239,075	0.859	34,235	16,676	91	18,112	13,616	64,696
	July-September	2,030,276	0.650	42,429	0	0.000	5,097,292	2.51	1,364,290	0.804	35,282	17,287	92	22,068	14,829	77,474
	October-December	2,097,621	0.582	39,282	0	0.000	4,160,488	1.98	1,327,299	0.778	33,195	21,524	92	22,800	14,427	68,023
2012	January-March	2,092,389	0.593	39,864	0	0.000	3,879,662	1.85	1,255,477	0.772	31,150	21,532	91	22,993	13,796	65,627
	April-June	2,098,087	0.656	44,274	0	0.000	4,342,495	2.07	1,347,112	0.901	39,028	23,203	91	23,056	14,803	70,776
	July-September	2,266,504	0.646	47,090	0	0.000	4,210,428	1.86	1,420,414	0.887	40,490	25,154	92	24,636	15,439	70,401
	October-December	1,867,512	0.707	42,439	0	0.000	5,295,383	2.84	1,493,623	0.819	39,339	24,556	92	20,299	16,235	77,858
2013	January-March	2,113,611	0.712	48,383	0	0.000	6,375,048	3.02	1,787,262	0.825	47,434	28,328	90	23,485	19,858	94,318
	April-June	2,233,783	0.702	50,394	0	0.000	6,235,920	2.79	1,848,832	0.814	48,380	28,024	91	24,547	20,317	93,074
	July-September	2,110,667	0.684	46,425	0	0.000	5,441,889	2.58	1,815,709	0.771	45,016	29,139	92	22,942	19,736	82,093
	October-December	2,284,242	0.737	54,118	0	0.000	5,307,526	2.32	2,014,968	0.872	56,504	34,166	92	24,829	21,902	82,519
2014	January-March	2,373,603	0.727	55,477	0	0.000	5,520,468	2.33	2,122,650	0.760	51,838	35,413	90	26,373	23,585	87,712
	April-June	2,461,018	0.625	49,467	0	0.000	5,810,088	2.36	2,184,316	0.650	45,616	32,932	91	27,044	24,003	90,891
	July-September	2,017,523	0.561	36,359	0	0.000	6,208,303	3.08	2,213,740	0.504	35,889	26,675	92	21,930	24,062	89,411
	October-December	1,944,436	0.650	40,656	0	0.000	6,417,044	3.30	2,101,873	0.563	38,078	25,007	92	21,135	22,846	90,886
2015	January-March	2,086,331	0.563	37,779	0	0.000	5,997,897	2.88	2,074,788	0.532	35,469	24,155	90	23,181	23,053	89,825
	April-June	2,118,215	0.565	38,476	0	0.000	7,151,798	3.38	2,252,591	0.527	38,176	22,869	91	23,277	24,754	101,868
	July-September	1,962,879	0.548	34,601	0	0.000	7,000,474	3.57	2,200,292	0.510	36,072	23,387	92	21,336	23,916	97,428
	October-December	1,712,867	0.486	26,788	0	0.000	6,857,052	4.00	1,921,060	0.458	28,314	22,787	92	18,618	20,881	93,151
2016	January-March	1,999,320	0.620	39,840	0	0.000	4,708,661	2.36	2,003,712	0.622	40,038	25,121	91	21,971	22,019	73,714
	April-June	1,848,675	0.604	35,892	0	0.000	3,729,153	2.02	1,939,567	0.604	37,640	25,863	91	20,315	21,314	61,295
	July-September	1,745,081	0.604	33,901	0	0.000	3,724,904	2.14	1,791,399	0.610	35,135	24,053	92	18,968	19,472	59,456
	October-December	1,864,407	0.486	29,123	0	0.000	2,365,312	1.27	1,917,965	0.482	29,703	25,287	92	20,265	20,847	45,975
2017	January-March	1,942,117	0.485	30,255	0	0.000	3,241,871	1.67	1,963,307	0.475	29,996	26,048	90	21,579	21,815	57,600
	April-June	1,651,256	0.523	27,779	0	0.000	4,300,791	2.61	1,933,253	0.466	28,958	22,012	91	18,146	21,245	65,407
	July-September	1,645,607	0.468	24,750	0	0.000	5,184,524	3.15	1,916,332	0.400	24,616	19,428	92	17,887	20,830	74,241
	October-December	1,709,950	0.533	29,326	53,311	0.193	6,232,422	3.65	1,777,461	0.449	25,632	16,069	92	18,586	19,320	86,330
2018	January-March	1,725,744	0.481	26,683	1,100,860	0.168	5,810,318	3.37	1,714,564	0.416	22,960	16,860	90	19,175	19,051	83,734
	April-June	1,620,935	0.433	22,574	543,376	0.171	4,038,721	2.49	1,617,158	0.463	24,086	13,534	91	17,812	17,771	62,194
	July-September	1,539,587	0.481	23,816	117,788	0.141	1,984,781	1.29	1,602,613	0.481	24,770	10,857	92	16,735	17,420	38,308
	October-December	1,159,962	0.478	17,838	0	0.000	3,618,151	3.12	1,576,781	0.418	21,168	10,136	92	12,608	17,139	51,936
2019	January-March	0	0.000	0	0	0.000	0	0.00	1,619,443	0.274	14,290	10,876	90	0	17,994	0
	April-June	0	0.000	0	0	0.000	0	0.00	1,744,165	0.274	15,349	10,204	91	0	19,167	0
	July-September	0	0.000	0	0	0.000	0	0.00	1,607,925	0.248	12,809	8,167	92	0	17,477	0
	October-December	0	0.000	0	0	0.000	0	0.00	1,183,727	0.228	8,665	7,097	92	0	12,867	0
Total		**64,967,330**	**0.617**	**1,287,999**	**1,815,336**	**0.168**	**171,376,466**	**2.64**	**66,306,823**	**0.599**	**1,276,118**	**817,534**	**3,562**	**20,321**	**18,615**	**73,927**

Notes:

- Alio's management team decided to process ROM ore by the end of 2017. The record of this ore is not reflected in the above table. Approximately 1.8 Mt were processed in this manner.
- From Q4 2018 till Q4 2019, the low-grade ore stockpiled was processed and placed on pads.
- Total Ore Extracted columns take into account the low-grade ore sent to stockpile.
- Total Processed Ore columns include the low-grade ore rehandled and processed. These figures do not reflect the ROM ore extracted and placed over pads.

Geological Setting, Mineralization and Deposit Types

Regional Geology

The San Francisco Property is situated in a belt of metamorphic rocks that hosts numerous gold occurrences along the trace of the Mojave-Sonora megashear, which trends southeast from south-central California into Sonora. The megashear is a left-lateral transform fault which became active during the Jurassic period and exhibits up to 800 kilometres of displacement. Deformation along the megashear occurred along with metamorphism and since the formation of the megashear the area has been subjected to both tectonic compressional and tensional forces.

The northwest-trending range-front faults and numerous low-angle shear zones related to thrust or detachment faults are the most common structures. The Mojave-Sonora megashear is a regional northwest-trending feature. It separates the Precambrian basement rocks of slightly differing ages. The Jurassic rocks which occupy the zone are strongly deformed along low-angle thrust faults and the associated sedimentary rocks are tightly folded. The southwestern boundary of the megashear appears to be a major fault that juxtaposes Precambrian basement rocks against the Jurassic magmatic terrane. Up to 800 kilometres of left lateral movement has been proposed for this shear after the Middle Jurassic period. Others have suggested that the megashear is a Cretaceous thrust front reactivated as a middle Tertiary detachment. The metamorphism in the area has been postulated to have occurred with the megashear or the magmatic activity of the Middle to Late Jurassic periods. However, others propose a close relationship between deformation and the closing of the marginal basin after its subduction below the volcanic arc, or the result of Late Cretaceous or Tertiary compression associated with uplift and low-grade metamorphism. Many of the Sonoran gold deposits are located at or near the Mojave-Sonora megashear.

The Basin and Range province, which extends into Sonora from the United States, is characterized by northwest-trending valleys and ranges. Paleozoic rocks, including quartzite and limestone, overlie the Precambrian locally. The valleys are covered and in-filled by recent gravels.

Property Geology

The San Francisco Property lies in a portion of the Mojave-Sonora megashear belt characterized by the presence of Precambrian to Tertiary age rocks represented by different grades of deformation and metamorphism as evidenced in the field by imbricate tectonic laminates. The rocks principally involved in the process of deformation and associated with the gold mineralization in the region are of Precambrian, Jurassic and Cretaceous age.

The oldest rocks within the property are a package of metamorphic rocks which include banded quartz-feldspathic gneiss and augen gneiss, green schist, amphibolite gneiss and some amphibolite and marble lenses. All metamorphic rocks exhibit foliation which generally varies in strike direction from between 30° to 72° west and dips to the northeast from 24° to 68°.

The metamorphic rocks are intruded by a Tertiary igneous package, which includes leucocratic granite with visible feldspar and quartz, and is porphyritic to gneissic in texture. It appears that the granite was emplaced along low angle northwest-southeast shear zones in the system which developed between an older gabbro and the metamorphic sequence. This is the reason that in some places the granite bodies appear as stratiform lenses that vary in width from centimetres to more than 40 metres and are subparallel to the foliation. It is seen, however, that the emplacement of leucocratic granite also favours the N30°W fault system, causing the granite to take an elongated form, principally in direction N60°W, but with extensions along the N30°W system.

Besides the gabbro and the granite, dikes of different composition, including diorite, andesite, monzonite and lamprophyre, intrude the metamorphic sequence. In addition, lenses of pegmatite associated with the schist

have been mapped, emplaced along the foliation planes, occasionally forming lenses within the gabbro and within the gneiss and on the border of the leucocratic granite bodies. All of the rocks described above form the San Francisco unit which is the most important unit for exploration, with the leucocratic granite being especially significant because it is the primary host rock for gold mineralization.

Mapping of isolated outcrops and their geological interpretation demonstrates that the San Francisco unit is extensive within the property, covering a surface area of approximately 100 square kilometres. The unit hosts at least 15 gold occurrences which are considered to be favourable exploration targets, in addition to the known San Francisco and La Chicharra gold deposits.

In the north and south, the San Francisco unit is in contact with the Coyotillo unit which is a weakly metamorphosed package of sandstone, quartzite, phyllite, conglomerate, volcanics and limestones of Jurassic age.

The granitic gneiss containing the mineralization at the San Francisco Project is intensely fractured with a total of five fracture sets having been identified, although there are only two primary sets. One of the primary sets strikes 36˚ to 60˚ east and dips northwest 70˚ to 90˚, while the other strikes 64˚ to 73˚ west and dips northeast 46˚ to 66˚. The regional fracture sets are generally parallel to major faults and perpendicular to foliation planes.

The main vein systems in the region strike 50˚ to 80˚ west with dips ranging from northeast to southwest. These vein systems are the San Francisco, La Playa, El Diez, La Chicharra, and several systems in the La Mexicana area, Area 1B and La Escondida. A secondary system of veins includes the La Trinchera, Casa de Piedra, unnamed veins in portions of Area 1B and the La Mexicana veins which strike 60˚ to 80˚ east and dip northwest to southeast. Although the age relation between the two systems is unknown, it is believed that the northeast system is probably later stage.

The metamorphic foliation in the San Francisco deposit primarily strikes 78˚ west and dips to the northeast at 68˚. Regionally the foliation is variable, generally ranging from east-west to 60˚ west with varying dips to the northeast.

The original bedding is recognized in the metavolcanic-sedimentary rocks to the south at Cerro La Bajarita, and is variable with strikes ranging from 70˚ to 80˚ west and dips to the north. The sedimentary beds of the Represo Formation in the northern portion of the property strike 60˚ to 70˚ west and dip to the northeast.

Dikes of intermediate composition in the San Francisco Project area strike predominantly 63˚ west and dip to the northeast at 58˚. Several dikes are intruded along planes of foliation, and others cut foliation of the metamorphic units. In the Sierra La Vetatierra mountains in the northern portion of the San Francisco Project, dikes strike 60˚ to the east, dip to the northwest, and represent a later system of fractures.

Metamorphic folds, including isoclinal, open symmetrical and kink folds, have been described, but no systematic description of folds has been found in the literature.

The La Chicharra pit is located two kilometres west of the San Francisco pit. Discovered by Geomaque in the late 1990s, it is estimated that approximately 37,000 oz of gold were extracted and processed during Geomaque's last year of operations.

The geology of the La Chicharra deposit, although it is hosted in the San Francisco group, differs from the geology found in the San Francisco pit. While the geology consists of quartz-feldspar gneiss, pegmatite, schist, granite and gabbro, the mineralization is hosted principally in gabbro. The gabbro has a very sheared appearance, almost like a breccia, comprised of large fragments with lenses of pegmatite between the fragments. Due to the shearing process, the blocks of gabbro are highly fractured and the fractures are filled with quartz veins and veinlets. The gold mineralization is hosted by the pegmatite lenses and in the veins and

veinlets within the gabbro. The limits of the mineralized gabbro are very well delineated by the shear zones, at both the hanging wall and footwall. This geological control allowed for better operational planning during the exploitation by Geomaque.

The gabbro at La Chicharra is different from the gabbro bodies at San Francisco, as it contains no magnetic minerals which are generally produced by the destruction of the original minerals contained within the gabbro during the tectonic and mineralization processes. As well, due to strong shearing, the minerals are oxidized. The gabbro is a tabular body dipping to the northeast at approximately 30 to 40° and striking approximately 60° west, with the mineralization potentially open both along strike and down dip.

Structurally, all of the metamorphic and igneous interpretation is based on the High Resolution Airborne Magnetics which indicate a regional lineament varying in direction from 60° to 30° to the west. The gold deposits are located in the southern portion on each side of this main lineament, and are related to the extension faulting of the system west-northwest and west-east. Other grassroots gold targets are located along this lineament, related to quartz veins with gold mineralization emplaced along the shear zones of the system to the west-northwest and east-west.

Mineralization

The San Francisco Property is located within the Sierra Madre Occidental metallogenic province which extends along western Mexico from the state of Sonora, south to the state of Jalisco. In the state of Sonora, the most important metal produced in the Sierra Madre province is copper, with the Cananea porphyry copper deposit being the most well-known. Gold and silver projects are next in importance and are hosted mainly in sedimentary rocks and brecciated volcanic domes.

At the San Francisco Project, gold occurs principally as free gold and occasionally as electrum. Gold is found, in decreasing abundance, with goethite after pyrite, with pyrite and, to a much lesser extent, with quartz, galena and petzite (Ag_3AuTe_2). Although it is clear that the gold was deposited at the same time as the sulphides, the paragenetic relationships are not well understood. There is the possibility that some secondary remobilization may have occurred as evidenced by minor amounts of gold occurring in irregular forms along with or on top of drusy quartz.

The gold occurs in a granitic gneiss and the presence of pyrite (or goethite after pyrite) may be an indication of gold. Stockwork quartz veinlets, some with tourmaline, also exist in the mineralized zone. However, the presence of quartz, even with tourmaline, is not necessarily an indication of the presence of gold. Quartz veinlets with tourmaline but without gold mineralization were found hundreds of metres away from the San Francisco deposit. It is suggested that some tourmaline was part of the mineralizing system, but could be distinguished from the tourmaline found elsewhere.

Other metallic minerals associated with the deposit include trace to small amounts of chalcopyrite, galena, sphalerite, covelite, bornite, argentite-acanthite and pyrrhotite. Trace amounts of molybdenite and wulfenite have also been reported. Metal mineralization is low, with copper reaching into the hundreds of ppm, arsenic reaching about 100 ppm, and antimony rarely over 10 ppm. Petzite was recognized but tellurium values rarely reached 10 ppm. The mineral relationships, the possibility of associated tourmaline, and the style of mineralization suggest that the San Francisco deposit might be of mesothermal origin. Others have suggested the same genesis based on these and other factors, including fluid inclusion studies.

The San Francisco deposits are roughly tabular with multiple phases of gold mineralization. The deposits strike 60º west to 65º west, dip to the northeast, range in thickness from 4 to 50 metres, extend over 1,500 metres along strike and are open ended.

Alteration related to the mineralization consists of negligible to locally intense sericitization, course-grained pyritization and rare local silicification. This alteration forms a halo extending a few metres from the mineral deposits, but may also be absent. Supergene alteration consisting of oxidation of pyrite to goethite is common. Additionally, there is supergene alteration of feldspar to kaolin and sericite.

Deposit Types

At the San Francisco Project, Alio was targeting large volume, low-grade disseminated gold deposits contained within leucocratic granite, granite-gneiss and gneiss and schist horizons. Leucocratic granite and gneiss are the main rocks hosting the gold mineralization.

The gold mineralization occurs in a series of west-northwest to east-northeast trending quartz-tourmaline veins and veinlets that lie sub-parallel to the local lithology and foliation trends, dipping to the southwest, within the more brittle rocks such as the leucocratic granite and more felsic lithologies within the Precambrian sequence. Extensive studies of the veins and alteration describe the mineralization as mesothermal/orogenic in style, but with a potential link to magmatic fluids and an intrusive source.

Magna will continue to target the same or similar mineralization at the San Francisco Project that Alio did.

Exploration and Drilling

San Francisco Mine (San Francisco and La Chicharra Pits)

In order to ensure the continuity of the operations within the San Francisco and La Chicharra pits, Magna has designed a reverse circulation drill program comprised of both infill and exploration holes at specific sites in and around both pits. The program is based on the down dip projections of the mineralized zones indicated by the accumulated data gathered from the years of exploration and operational drilling and mining of the San Francisco mine, using a gold price of US$1,350/oz of gold. Based on this interpretation, a drill program has been designed to test the extension of the mineralization and/or the connection between different mineralized intercepts within the perimeters of the down dip interpretation, as well as focusing on connecting smaller neighbouring mineralized areas. A program of infill drilling has also been outlined in and around the crushing circuit, to determine the feasibility of relocating the circuit and thereby potentially allowing the mining of the mineral resources currently located under it. The Magna drill program consists of a total of 46,250 metres distributed in 290 RC drill holes.

In addition to the program outlined above, Magna is scheduled to conduct a core drill program on the south wall of the San Francisco pit, specifically on the Phase 7A segment of the mine plan. The drill program is targeted to further outline the repetitive high gold grade drill intercepts encountered in past drilling campaigns which appear to be related to the vein system located at the San Francisco and El Carmen areas of the San Francisco Project.

During 2014 and 2015, a re-interpretation using selective criteria was conducted of the mineral intercepts from approximately 40 RC and core holes located in the area. This re-interpretation identified the possibility of high-grade mineralization located in three mineralized veins which were named simply Vein 1, Vein 2 and Vein 3. The veins contained grades ranging between 3 to 5 g/t gold along parallel quartz structures with widths varying from 1 metre to 12 metres and averaging 3 metres. In 2015, an underground pilot test was started along Vein 1 that involved the development of 445 metres of tunnels, including an access ramp and a drift along the mineralized structure. A total of approximately 90 metres of mine workings were conducted along the mineralized structure, including several inclined raises to test the continuity of the high-grade structure (Vein 1) in up-dip direction. By the end of the two month pilot test period, a total of 7,960 t averaging 4.07 g/t Au were extracted and added to a leach pad designed for this material. In order to follow up on this previous work and taking advantage of existing underground workings, Magna has scheduled additional underground

development to further extract the mineralization identified during the 2015 program. Magna also plans to conduct a core drilling program which aims to extend the mineralization along strike, confirm the continuity of the mineralization of Vein 1 in the up and down dip directions from the existing workings, and explore Vein 2 located in the footwall of Vein 1. It may be possible to access Vein 2 by conducting a short extension from the existing underground development workings on Vein 1. The Magna drill program will be comprised of approximately 4,000 metres in 38 short core holes.

Vetatierra Project

In 2014, Alio carried out a geological exploration program comprised of mapping, sampling of rock chips in trenches and finally a drill program of five core holes and four reverse circulation holes drilled along a single line coincident with the best gold values obtained from the existing outcrops and from other holes on the site. The 2014 drilling suggests that the majority of the mineralization is hosted in a diorite stock which is very poorly exposed. At the Vetatierra Project, Magna has proposed an initial 2,000 metre drilling program to define the continuity of the mineral intercepts from the previous campaign, to explore the potential lateral extension of the gold mineralization detected during the previous drilling program, and to gain a better understanding of the diorite geometry at depth.

La Pima Project

Magna has proposed conducting additional exploration at the La Pima Project that includes a geophysical survey using either IP-R or CSAMT and a core drilling program. The geophysical survey will initially consist of two lines. Depending on the initial results, additional lines could be required to assist with designing the drill plan.

Magna is in the process of scheduling a core drilling program of 3,000 metres distributed across different targets within the area of the La Pima Project.

Sampling, Analysis and Data Verification

Sample Preparation, Analyses and Security

Although Magna personnel are familiar with the San Francisco mine and its mineral deposits, at the time of the San Francisco Technical Report, Magna had not yet conducted any sampling program at the San Francisco Project or on the property. Alio's sample preparation, analysis and security programs are described in the San Francisco Technical Report.

Micon considers that the QA/QC program that was in place as part of Alio's procedures was of sufficient quality to be considered as following the best practices guidelines as published by the CIM and that the results were suitable to be used as the basis of its mineral resource estimate for the San Francisco Project.

Magna has indicated that it will continue using the QA/QC program already in place at the San Francisco Project. From time to time, the certified standards will be updated as the older certified standards become unavailable, or as better analogous standards become available. As Magna begins to conduct regional exploration programs in the vicinity of the San Francisco Project, it will be refining its exploration QA/QC program as required.

Data Verification

<u>2020 Site Visit</u>

The most recent site visit was completed on May 29, 2020 by Mr. Rodrigo Calles-Montijo, CPG, who is an independent consultant and Certified Professional Geologist (CPG), as well as a member of the American

Institute of Professional Geologists (AIPG). Mr. Calles-Montijo, based in Hermosillo, México, was contacted by Magna in order to undertake the current site visit, as required by the NI 43-101 guidelines, and which was unable to be executed by representatives of Micon due to travel limitations created by the COVID-19 pandemic. Prior to the site visit, a Skype meeting was organized with the participation of William J. Lewis (Micon), Miguel Soto (Magna) and Mr. Calles-Montijo, in order to delineate the objectives during the site visit. Mr. Calles-Montijo visited the mine accompanied by Miguel Soto, Vice President of Exploration of Magna, and Jose Luis Soto, Operations Manager of the San Francisco mine.

The site visit included an overview of the relevant facilities, which included the San Francisco and La Chicharra open pits, the operative heap leach pads and the extraction plants.

Mining operations at the San Francisco and La Chicharra open pits had been in standby mode since December 2018. General conditions in both open pits were observed to be adequate for a near-future restart of mining operations. It was noted during the site visit that a general cleaning of the access ramps and stabilization of some sectors along the southern wall of the San Francisco open pit would be required. At the La Chicharra open pit, a new access ramp is programmed as part of an updated mine plan by Magna. According to the verbal information received from the representatives of Magna, the conditioning work in both open pits would take approximately 15 days, after which production from the pits could be resumed.

The crushing plant was observed during the site visit. At the time of the 2020 site visit, the facility was not operating but had been maintained such that it could be brought back into operation with little difficulty.

At the time of the 2020 site visit, the heap leach pad was operating under residual leach conditions. Based on the comments from Magna representatives, it was expected that the residual leach process would be completed by the end of 2020.

At the time of the 2020 site visit, two ADR plants for the pregnant leach solution were still operating. ADR Plant 2 was visited and it was observed that the recovery carbon column system was in operation.

General infrastructure, such as offices, laboratory, workshops, etc., were observed to have been under adequate care and maintenance. The infrastructure appeared to be in satisfactory condition such that full operations could restart in a short period of time.

Subsequent to the 2020 site visit, Magna restarted operations at the San Francisco Project. Material from the low-grade stockpiles, as well as the open pits, is being placed on the heap leach pads.

Micon Data Verification for Magna Resources and Reserves

Micon received the databases from Magna and conducted a through review of the resource and reserve estimates conducted by Magna, based on Alio historical databases. These databases were extensively reviewed by Alan San Martin and Nigel Fung to ensure that the data were appropriate to be used for Magna's mineral resource and reserve estimates, and that Magna's mine plans and schedule accurately reflected the mineral resources and reserves. A number of Skype and Zoom meetings were held with Magna personnel to ensure that all aspects of the estimates were reviewed, with changes instituted when necessary.

The metallurgical aspects and infrastructure for the San Francisco Project were reviewed by Mr. Gowans and the economic model used by Magna was reviewed by Mr. Jacobs. Discussions were held with Magna personnel on all of these matters.

General Micon Comments

In general, Micon's review of the material provided by Magna and its discussions with Magna personnel during various Skype and Zoom meetings found that the data provided were adequate for the purposes of preparing technical reports for the San Francisco Project.

Micon has conducted a number of prior data verification reviews of the San Francisco Property for the previous technical reports and, in each case, has found that the data provided were adequate to serve as the basis of the material contained within those reports. Magna has acquired Alio's databases and technical data, and these data have been used to support the work and studies that Magna has undertaken. Micon's QPs believe the data to be of sufficient quality to use in a technical report in support of Magna's pre-feasibility to bring the San Francisco Project back into operation.

Mineral Processing and Metallurgical Testing

Since Magna became the owner of the property there has been no significant metallurgical testwork. However, Alio periodically completed metallurgical testwork in order to optimize gold recoveries and to gain a better understanding of the mineralization as mining continued at the San Francisco Project.

The San Francisco Project has been in production as a conventional gold heap leach operation since 2010 and, to date, there have been no processing factors or deleterious elements identified that have had a material negative effect on economic extraction.

2012 Testwork by Metcon

In November 2012, Alio announced the results from a bulk sample locked column leach testing program on representative mineralized samples from the San Francisco Project. This test program was completed at the Metcon Research metallurgical laboratory in Tucson, Arizona.

The cyanide leach column test results indicated an average gold extraction after 127 days of 71.0%, based on a crush size of 80% of the particles passing (P_{80}) 9.5 millimetres (⅜ inch), and 77.1% extraction with a crush size of P_{80} 6.3 millimetres (¼ inch). For La Chicharra samples, the average column test gold extractions for the same leaching period were 78.3% and 80.9%, based on crush sizes of P_{80} 9.5 millimetres and P_{80} 6.3 millimetres, respectively. No percolation issues were observed during the column leach tests.

Six composite samples were tested in the 2012 metallurgical study; five from the San Francisco deposit and one from the La Chicharra deposit. The samples were considered a good representation of each of the rock types and style of the mineralization within the deposit as a whole.

The leaching test parameters used for the column leach tests are summarized below:

- Sample sizes were approximately 180 kg for each column test.
- Lime was blended with the test charge. Lime addition was estimated from a 72 hour agitated cyanidation bottle roll test.
- The initial feed solution was prepared by adding reagent grade lime to Tucson tap water to obtain a solution pH of 11.00, followed by the addition of 1.0 gram of sodium cyanide per litre (g/L) of solution. The columns were irrigated at a flow rate of 10 L/h/m^2.

- Column tests were conducted under a locked cycle type of leaching regime, by contacting the pregnant solution with activated carbon to remove gold and silver. The loaded activated carbon in each column test was dried, weighed and saved in sealed and labeled plastic bags.

- The resulting barren solution was recycled as column feed solution after the addition of sodium cyanide and lime to maintain a cyanide solution strength of 1.0 g/L and a pH of between 10.5 to 11.0.

The regression analysis conducted on the pregnant solution assays showed that there is a good correlation between the original gold and silver assays and the duplicate assays.

On-Site Internal Testwork

As the operator, Alio conducted internal column leach testing to obtain a better understanding of the metallurgical response of the mineralization types located on the San Francisco Property, and to monitor and optimize gold leach recovery at the operation.

The regular monthly column test results show gold recoveries between 52% and 81% for tests operated for 60 days or more. These test results compare reasonably well with the typical plant gold recovery which, historically, has been approximately 65%.

The metallurgical test results suggest that the addition of oxygen and/or peroxide improves the kinetics and the overall gold recovery. Also, preliminary results from recent tests comparing crush sizes have shown improved gold recoveries with finer crushing.

Mineral Resource and Mineral Reserve Estimates

Mineral Resource Estimate

Mineral Resource Estimation Procedures

The database of the San Francisco and La Chicharra deposits consists of 4,570 drill holes with 434,708 sample intervals, mostly 1.5 metres in length, of a total database of 640,782 metres of drilling for the entire property, including exploration drilling outside of the San Francisco and La Chicharra pits. The current database includes 245 new holes drilled in 2017 and 2018, for 35,570 metres of drilling.

Approximately 13% of the sampling intervals are greater than or equal to 2 metres length, about 84% of the intervals are between 1.5 and 2.0 metres in length, and about 3% are less than 1.5 metres in length. In the case of duplicate samples, the original sample was used in the database. High-grade outlier assays were capped at different gold grades, according to the domains.

The assay database was composited to 3 metre regular down-hole lengths, which is half the block height of 6 metres. Assays were length-weighted for each composite. The relatively short composite length was chosen to unsmooth the resultant block grade distribution and provide a better match between the interpolated block grades and the underlying assay data.

The block model is based on regular 5 metre by 5 metre by 6 metre blocks and covers an area of 2,560 metres by 2,100 metres in plan, and 456 metres vertically. For the La Chicharra deposit, two temporary block models were prepared for pit optimization purposes. These models are located within the extent of the main La Chicharra block model limits.

For the current resource estimate, the mineralized grade shells were constrained using 3-D solids interpreted by geologists, based on the mineralized intercepts intersected by the drill holes. Micon considers this approach to be superior because it allows for appropriate interpretive geological control within the model.

Magna has continued to use the rock domain interpretation developed for previous resource estimates. As much more data are available for the current estimate, the geological domains were interpreted in more detail by a senior geologist in the field.

Bench polygons for each rock type were derived from this interpretation and imported into the block model. Blocks were coded based on 12 metre bench polygons, projecting 6 metres above and 6 metres below the bench, in accordance with the principal rock type present in each block. Composites were assigned the rock type of the block in which they were located. This was necessary since a portion of the drilling, particularly much of the Geomaque drilling, does not have a logged rock type.

A total of 68 specific gravity determinations were made, covering all rock domains. Results range from a high of 2.84 to a low of 2.61, with an arithmetic mean of 2.76.

All blocks in the model were interpolated using the Ordinary Kriging method. The parameters were derived from the variographic analysis and applied to the different domains and zones accordingly. For the current resource update in the San Francisco deposit, the interpolation process was relaxed to allow multiple domains to inform blocks on each interpolation run, because the remaining resources are predominantly gabbro (Rock Code 11).

Mineralized zones in the San Francisco and La Chicharra deposits have been classified as a mineral resource according to the CIM definitions. The mineralized zones display good geologic continuity, as demonstrated by the drill results.

The categorization criteria applied to the resource estimate are as follows:

- Blocks within 20 metres of a sample are considered measured, based upon a pass finding three drill holes with a maximum of two samples per hole.

- Blocks between 20 metres and 40 metres from a sample are considered indicated, based upon a pass finding two drill holes with a maximum of two samples per hole.

- Any blocks further than 40 metres from a sample are considered inferred.

The block model was validated using three methods:

- Statically – The gold grades of the 3 metre composites grouped by domain were compared against the grades of the interpolated blocks. That comparison indicates reasonable agreement.

- Trend Analysis – The interpolated block grades and the average grades of the 3 metre composites were compared in swath plots at 50 metre intervals in the east-west direction. The results show reasonable agreement.

- Visually – Using Leapfrog Geo, Micon visually examined vertical sections, comparing the drill hole trace samples against the block model grade distribution, to ensure that the original sample grades and the block grades agree and that they are reasonably related in space.

All three validation procedures gave satisfactory results, sufficient to conclude that the block model can be used with confidence for the estimation of resources and reserves.

Once Micon had audited and accepted the Magna block models, Magna proceeded to run a pit optimization program in order to estimate the resources. The gold price used for estimating resources was US$1,500 per ounce. This procedure was used to satisfy the criterion that resources must have reasonable prospects of eventual economic extraction.

The parameters used in the pit optimization are summarized in the table below. They are the parameters determined by Micon and Magna, taking into account the actual costs obtained from the operation.

Pit Optimization Parameters for the August 8, 2020
Resource Estimate for the San Francisco and La Chicharra Deposits

Area	Costs		
	Description	**Units**	**Amount**
	Waste mining cost OP	US$/t	2.20
	Ore mining cost OP	US$/t	2.20
	Process cost	US$/t	4.15
	G & A cost	US$/t	0.41
	Gold price	US$/oz	1,500
	Rock Densities and Recoveries		
	Name/code	**Density**	**Recovery %**
San Francisco Model	Diorite (2)	2.72	54.50
	Gneiss (4)	2.75	71.10
	Granite (5)	2.76	76.00
	Schist (6)	2.75	74.40
	Lamprophite Dike (8)	2.76	54.50
	Pegmatite (10)	2.85	74.40
	Gabbro (11)	2.81	63.80
	Conglomerate (12)	2.00	64.50
	General Recovery		64.00
	Costs		
	Description	**Units**	**Amount**
	Waste mining cost	US$/t	1.79
	Ore mining cost	US$/t	1.79
	Process cost	US$/t	4.15
	G & A cost	US$/t	0.41
La Chicharra Model	Gold price	US$/oz	1,500
	Rock Densities and Recoveries		
	Name/code	**Density**	**Recovery %**
	All Rock (100-500)	2.9	78.00
	General Recovery		78.00

As can be seen from the table above, not only do the various rock codes have a different density, but the metallurgical recovery varies with the rock code as well. Currently the San Francisco mine plan will be predominantly processing the gabbro (11) and gneiss (4) rock types.

Previous drilling programs have outlined a number of lenses of higher-grade mineralization beneath the south wall of the San Francisco pit. Alio investigated these lenses and developed a drift on one of them between 2015 and 2016, with the objective of mining this material using underground cut and fill methods. Alio later shelved the idea of conducting underground mining in favour of just conducting a pit pushback in this area. Magna has revived the underground scenario for mining the higher grade lenses. The parameters used for estimating the underground resources in the southern wall of the San Francisco pit are summarized in the table below.

Underground Parameters for the August 8, 2020
Resource Estimate for the San Francisco UG Lenses

Area	Costs		
San Francisco Underground Model	**Description**	**Units**	**Amount**
	Waste mining cost UG	US$/t	36.50
	Ore mining cost UG	US$/t	36.50
	Process cost (crushing and leach)	US$/t	4.00
	G & A cost	US$/t	0.50
	Contingency	US$/t	2.00
	Gold price	US$/oz	1,500
	Rock Densities and Recoveries		
	Name/code	**Density**	**Recovery %**
	All Rock	2.90	64.00
	General Recovery		64.00

Mineral Resource Estimate Statement

The mineral resources, as estimated by Magna, are presented in the table below. This resource estimate includes the mineral reserves.

Mineral Resource Estimate for the San Francisco and La Chicharra Deposits as of August 8, 2020
(Inclusive of Mineral Reserves) (Gold Price of US$1,500/Oz)

Area	Cut-off (Au g/t)	Category	K Tonnes	Au (g/t)	Gold (K Oz)
San Francisco Mine OP	0.14	Measured	22,975	0.424	313
		Indicated	49,500	0.426	678
		Measured & Indicated	**72,475**	**0.426**	**992**
		Inferred[(1)]	10,385	0.465	155
San Francisco UG	1.40	Measured	111	4.160	15
		Indicated	236	3.907	30
		Measured & Indicated	**347**	**3.988**	**44**
La Chicharra Mine OP	0.12	Measured	11,589	0.502	187
		Indicated	15,289	0.42	206
		Measured & Indicated	**26,878**	**0.455**	**393**
		Inferred[(1)]	989	0.488	16
Total Resources		Measured	34,675	0.462	515
		Indicated	65,025	0.437	914
		Measured & Indicated	**99,700**	**0.446**	**1,430**
		Inferred[(1)]	11,374	0.467	171

Note:

(1) Inferred resources in this table only include material within the limits of the US$1,500/oz Au pit shell and do not include material outside the pit limits.

Micon is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues which would adversely affect the mineral resources estimated above. However, mineral resources that are not mineral reserves do not have demonstrated economic viability. The mineral resource figures in the table above have been rounded to reflect that they are estimates and, therefore, the addition may not sum in the table.

Both the CIM and the Australasian Joint Ore Reserves Committee (JORC) codes state that mineral resources must meet the condition of "a reasonable prospect for eventual economic extraction." Magna developed a Lerchs Grossman pit shell geometry at reasonable gold prices, costs and recovery assumptions, in order to satisfy this condition. The resource estimate presented in the table above is based on a pit shell designed at a gold price of US$1,500 per ounce and additional cost and recovery parameters developed by Magna.

Mineral Reserve Estimate

The reserve estimate completed by Magna as of August 8, 2020 and audited by Micon is compliant with the current CIM standards and definitions specified by NI 43-101, and supersedes all previous reserve estimates for the San Francisco mine. In addition, Magna has carried out a reserve estimate for its second deposit, La Chicharra, which has also been audited by Micon and is presented in the San Francisco Technical Report.

Mineral Reserve Analysis

Once Micon had audited and accepted the resource estimates, Magna proceeded to run a pit optimization program in order to estimate the reserves. The gold price used for estimating the reserves at the San Francisco Project was US$1,350 per ounce.

The parameters used in the pit optimization for the estimation of reserves are the same as those described previously in connection with the estimation of resources.

Mining Recovery and Dilution

Mining recovery has been estimated at 98% for both the San Francisco and La Chicharra deposits. Micon agrees with this estimate, as it is based on actual experience at the mine. The average dilution for the San Francisco pit is estimated at 6.3% and is accounted for outside the block model. The La Chicharra deposit uses a dilution factor within the model and is estimated to vary between 4.0% and 6.0%.

Mineral Reserve Estimate Statement

The table below presents the reserves estimated within the pit design outline, including mine recovery and dilution factors.

Mineral Reserves within the San Francisco and La Chicharra Pit Design (August 8, 2020) after Mining Recovery and Dilution

Mining Method	Area	Classification	K tonnes	Gold (g/t)	Contained Gold (K oz)
Surface	**San Francisco**	Proven	15,063	0.492	238
		Probable	22,783	0.496	364
		Total	**37,846**	**0.494**	**602**

Mining Method	Area	Classification	K tonnes	Gold (g/t)	Contained Gold (K oz)
Underground		Proven	91	4.186	12
		Probable	20	3.657	2
		Total	**111**	**4.089**	**15**
Surface	**La Chicharra**	Proven	5,904	0.503	96
		Probable	2,986	0.419	40
		Total	**8,890**	**0.475**	**136**
All	**Total Mining**	Proven	21,058	0.511	346
		Probable	25,789	0.490	406
		Total	**46,847**	**0.499**	**752**
	San Francisco Mine	**Low-grade Stockpile**	**782**	**0.256**	**6**
Total Surface + Underground + Stockpile			**47,629**	**0.495**	**758**

The proven and probable reserves in the table aboe have been derived from the measured and indicated mineral resources summarized in the table under the heading "*Material Mineral Projects – San Francisco Project – Mineral Resource and Mineral Reserve Estimates – Mineral Resource Estimate – Mineral Resource Estimate Statement*" and account for mining recovery and dilution. The figures in the table above have been rounded to reflect that they are estimates.

The mineral reserve estimate has been reviewed and audited by Micon. It is Micon's opinion that the August 8, 2020 mineral reserve estimate has been prepared in accordance with the CIM standards and definitions for mineral reserve estimates and that Magna can use this estimate as a basis for further mine planning and operational optimization at the San Francisco Project.

Mining Operations

Mining at the San Francisco and La Chicharra pits is conducted by a contractor, using open pit mining methods. At the San Francisco pit, a small underground mine was exploited during the second half of 2020 in order to accelerate cash flow by targeting some higher-grade mineralization in the block model.

Mining Production to Date

The San Francisco mine most recently resumed mining and crushing activities in June 2020.

Although Alio drew material from the stockpiles intermittently from 2014, routine processing of the stockpile material began at the end of 2018, when the production from the open pits ceased, and continued through to December 2019. At the beginning of 2020, operations were solely focused on recovery of the residual inventory ounces from the heap leach piles.

In June 2020, Magna began to reprocess the low-grade stockpile, as well as re-starting mining from the La Chicharra and San Francisco pits.

Open Pit Mine Design

Before Magna recommenced mining within the San Francisco and La Chicharra pits, pit designs were revised to comprise four mining phases designed by Magna. Magna's four mining phases are designated as six, seven, eight and nine, with subphases identified as 6b, 6c, 7a, 7b, 8, 9a and 9b.

The Magna designs were used for re-starting operations, in order to achieve a favourable distribution of waste tonnage during the mine life and enhance the availability of heap leach feed.

The reserves for the La Chicharra pit have also now been incorporated into the formal mine plan. Drilling has delineated additional resources and a pit design has been developed based on the US$1,350/oz gold optimized pit shell.

Open Pit Mine Operations

All mining activities to date have been conducted by the contractor, Peal, of Navojoa, Mexico. The contractor is obliged to supply and maintain the appropriate principal and auxiliary mining equipment and personnel required to produce the tonnage mandated by Magna, in accordance with the mining plan.

Underground Design and Operations

Alio previously conducted an investigation into whether or not it would be economical to conduct limited underground mining beneath the southern pit wall of the San Francisco pit. In 2015, Alio conducted limited underground drifting to expose the mineralized high-grade lenses outlined in preliminary drilling. In September 2015, Alio ceased the underground drifting, after exposing the mineralization along two lenses. Alio ultimately decided not to conduct the underground mining and to mine this area via a pushback of the pit wall.

In Magna's current mine plan, the high-grade ore lenses previously identified to be mined via an open pit pushback of the pit will now be mined using an underground cut and fill mining method. The remainder of the ore in the pushback will be mined as part of the Phase 7B of the mine production plan at the San Francisco pit.

The underground mining project is scheduled to mine 110,503 t of ore with an average grade of 4.09 g/t Au, containing 14,529 ounces Au in situ. The underground development and mining will occur during the second half of 2020. The underground mine will be accessed through three portals installed in the pit wall at the 640 metre, 632 metre and 604 metre elevations. The 632 metre portal and development of that level was conducted in 2015.

Production Schedule

The life-of-mine production schedule for the San Francisco and La Chicharra pits, including underground mining, is summarized in the table below.

Combined San Francisco and La Chicharra Pits and Underground LOM Production Schedule

La Chicharra Pit	Units	2020	2021	2022	2023	2024	2025	2026	2027	2028	Grand Total
Ore	diluted tonnes	616,783	4,613,162	3,189,670	470,356	0	0	0	0	0	8,889,972
Gold grade	diluted g/t	0.283	0.286	0.448	0.426	0	0	0	0	0	0.475
Gold contained	oz	5,618	67,876	54,051	8,215	0	0	0	0	0	135,762
Waste	tonnes	6,435,302	15,661,944	6,043,201	165,641	0	0	0	0	0	28,306,088
Total tonnes	tonnes	7,052,086	20,275,106	9,232,871	635,998	0	0	0	0	0	37,196,060
Strip Ratio	W:O	10.43365	3.39505622	1.89461626	0.35216065	0	0	0	0	0	3.18
San Francisco Pit	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Grand Total**
Ore	diluted tonnes	271,977	1,334,866	3,003,257	5,490,843	5,625,166	7,004,925	7,038,030	7,043,118	1,034,193	37,846,375
Gold grade	diluted g/t	0.373	0.382	0.428	0.515	0.493	0.493	0.465	0.551	0.593	0.494
Gold contained	oz	3,261	16,415	41,312	90,907	89,145	110,920	105,130	124,865	19,707	601,662
Waste	tonnes	420,822	5,026,670	17,826,781	18,861,024	17,860,091	15,207,777	10,717,742	4,485,598	186,009	90,592,514
Total tonnes	tonnes	692,799	6,361,536	20,830,039	24,351,867	23,485,257	22,212,702	17,755,772	11,528,717	1,220,201	128,438,889
Strip Ratio	W:O	1.55	3.77	5.94	3.43	3.18	2.17	1.52	0.64	0.18	2.39
San Francisco Underground	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Grand Total**
Ore	diluted tonnes	110,503	0	0	0	0	0	0	0	0	110,503
Gold grade	diluted g/t	4.089	0	0	0	0	0	0	0	0	4.089
Gold contained	Oz	14,529	0	0	0	0	0	0	0	0	14,529
Waste	tonnes	0	0	0	0	0	0	0	0	0	0
Total tonnes	tonnes	110,503	0	0	0	0	0	0	0	0	110,503
Strip Ratio	W:O	0	0	0	0	0	0	0	0	0	0
Stockpile	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Grand Total**
Ore tonnes	tonnes	782,048	0	0	0	0	0	0	0	0	782,048
Gold grade	grade	0.256	0	0	0	0	0	0	0	0	0.256
Gold contained	oz	6,437	0	0	0	0	0	0	0	0	6,437
Total Mined	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Grand Total**
Ore	diluted tonnes	1,781,311	5,948,028	6,192,927	5,961,199	5,625,166	7,004,925	7,038,030	7,043,118	1,034,193	47,628,898
Gold grade	diluted g/t	0.521	0.441	0.479	0.517	0.493	0.493	0.465	0.551	0.593	0.495
Gold contained	oz	29,845	84,291	95,363	99,122	89,145	110,920	105,130	124,865	19,707	758,390
Waste	tonnes	6,856,124	20,688,614	23,869,982	19,026,665	17,860,091	15,207,777	10,717,742	4,485,598	186,009	118,898,602
Total tonnes	tonnes	8,637,436	26,636,642	30,062,909	24,987,865	23,485,257	22,212,702	17,755,772	11,528,716	1,220,202	166,527,500
Strip Ratio	W:O	3.85	3.48	3.85	3.19	3.18	2.17	1.52	0.64	0.18	2.50
Daily ore throughput	t/d	4,880	16,296	16,967	16,332	15,411	19,192	19,282	19,296	2,833	16,875
Total daily moved	t/d	23,664	72,977	82,364	68,460	64,343	60,857	48,646	31,586	3,343	57,758
Crusher Plan	**Units**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**Grand Total**
Total ore	tonnes	1,781,311	5,948,028	6,192,927	5,961,199	5,625,166	7,004,925	7,038,030	7,043,118	1,034,193	47,628,898
Gold grade	g/t	0.521	0.441	0.479	0.517	0.493	0.493	0.465	0.551	0.593	0.495
Gold Oz	oz	29,845	84,291	95,364	99,122	89,145	110,920	105,130	124,865	19,707	758,390
T/D crushed	avg. t/d	4,880	16,296	16,967	16,332	15,411	19,192	19,282	19,296	2,833	16,875

Processing and Recovery Operations

Magna recommenced mining and processing at the San Francisco Project in June 2020, with the processing operating procedures the same or similar to those undertaken previously by Alio.

The process used at the mine comprises multi-stage crushing and screening to 100% passing 9.5 millimetres, conveying and stacking of crushed material onto a heap leach pad, cyanide heap leaching and gold recovery from the pregnant solution using carbon columns, Zadra type elution, electrowinning and smelting to produce a doré product containing over 90% precious metals.

Mined ore is crushed using two crushing and screening circuits. Crushing circuit 1 is designed to deliver 16,000 t/d of crushed material to the leach pads, but typically operates at 15,000 t/d. The second, newer circuit can process an additional 7,000 t/d for a total current crushing operating rate of 22,000 t/d.

Product from the crushing plants is transported to the leach pad on overland conveyors and deposited on the pad with a stacker, forming 8 metre to 12 metre high lifts. A bulldozer is used to level the surface of each lift. The irrigation pipelines are then installed to distribute the leach solution over the entire surface of the lift. The design primary leach time is reported to be 180 days although, in practice, this can be extended when leaching a lift placed on top of a previous lift.

The leach pad has been constructed over the years as six different phases, based on the permits granted by the Mexican Environmental Agency (PROFEPA, Procuraduría Federal de Protección al Ambiente).

The leach solution fed to the heap consists of 0.05% sodium cyanide with lime addition to obtain a pH of between 10.5 to 11. The solution percolates to the bottom of the lift and flows to the channel that carries the solution to the pregnant solution storage pond, from which it is pumped to the adsorption, desorption and recovery (ADR) plants. Barren solution exiting the two ADR plants flows to the barren solution storage pond, where fresh water and sodium cyanide are added before being pumped back to the leach pad.

Pregnant leach solution is fed to two ADR plants. The first adsorption plant consists of two parallel lines of carbon columns, each with five tanks in series, through which the carbon is advanced counter-currently to the solution flow. One line of columns contains approximately 2.0 t of carbon and the other 2.5 t. Gold is adsorbed on the carbon to a concentration of approximately 5,000 g/t. Desorption of the carbon is achieved in a Zadra type elution circuit. Gold is recovered by an electrowinning circuit comprising stainless steel electrodes in a stainless steel electrolytic cell.

The planned annual schedule of gold production is summarized in the table below.

Annual Gold Production

Crusher Plan	Units	2020	2021	2022	2023	2024	2025	2026	2027	2028	Grand Total
Total ore	kt	1,781	5,948	6,193	5,961	5,625	7,005	7,038	7,043	1,034	47,629
Gold grade	g/t	0.52	0.44	0.48	0.52	0.49	0.49	0.47	0.55	0.59	0.50
Gold Oz	oz	29,845	84,291	95,364	99,122	89,145	110,920	105,130	124,865	19,707	758,390
Residual Gold leached	oz	9,559	4,736	0	0	0	0	0	0	0	14,295
Newly-Mined Gold Leached	oz	15,010	61,531	62,640	68,125	58,336	71,892	70,066	82,564	22,189	512,354
Total Gold Production	oz	24,569	66,267	62,640	68,125	58,336	71,892	70,066	82,564	22,189	526,649
Recovery ex newly-mined ore	%	50%	67%	66%	67%	67%	66%	66%	66%	68%	68%

Infrastructure, Permitting and Compliance Activities

Project Infrastructure

Offices, Workshops and Stores

Office space is provided in a structure of approximately 450 square metres, located southeast of the ADR plant. The building has adequate working space for the on-site mine administration and also provides basic catering and ablution facilities.

A vehicle workshop, south of the ADR plant and north of the open pit, occupies more than 660 square metres and is available for maintenance of the off-road haul trucks, excavators and ancillary vehicles used in the open pit mining operation.

A general warehouse of approximately 200 square metres, located north of the ADR plant, accommodates process reagents and mechanical spares. Bulk lime for the heap leach process is stored in a silo near the crushing plant.

A new building was completed in December 2010 to house the exploration offices. This office space is approximately 150 square metres and provides adequate working space and basic ablution facilities. It is located east of the original ADR plant.

A 1,500 square metre core and sample storage facility, north of the ADR plant, was completed in 2013. This facility provides permanent and secure storage for both the diamond drill core and pulp samples, as well as hosting the new sample preparation facilities for the exploration department. The rear half of the building is currently being used as a secure storage facility for reagents used in the ADR plants.

A 1,500 square metre general warehouse expansion, located north of the ADR plant, was completed in January 2014. The facility accommodates mechanical spares and other consumables.

Electrical Power Supply

Electrical power is delivered through a 33 kV overhead line from the utility company, Comisión Federal de Electricidad (CFE). From the main metering point, the power is distributed to the crushing and screening plant and other site infrastructure at 480/220/110 V. However, power for the new crushing circuit is supplied by diesel generators with approximately 2 MW of capacity. At the crushing and screening plant, separate transformers feed the principal equipment. The electrical power supply is sufficient for the full production rate of 22,000 t/d of ore, with some spare capacity.

Water Supply

At full production capacity, the demand of fresh water is 3,296 m^3/d, of which 1,841 m^3/d are for the leach area and ADR plants, 988 m^3/d for the irrigation of the roads inside both pits, 136 m^3/d for crushing and offices, 58 m^3/d for the mining contractor office and workshop and 273 m^3/d for the irrigation of community roads.

Comisión Nacional del Agua (CONAGUA) has authorized four concession titles to exploit and use national water for a grand total of 1,900,000 m^3/year. Alio built and commissioned four water wells. All fresh water is conducted through pipelines and distributed to each point of usage.

Environmental Studies, Permitting and Social or Community Impact

Environmental Considerations

On March 2, 2012, Molimentales submitted a request to the Secretary of Environment and Natural Resources for the authorization of an additional land use of 70.00 ha for the La Chicharra pit, 160.00 ha for a new waste dump, 100.00 ha for the new leach pads, 8.54 ha for a new crushing circuit and 9.18 ha for a new area in the ADR plant, for the increase in production capacity to 25,000 t/d. The Secretary conditionally authorized the additional land on May 2, 2012.

On July 22, 2013, Molimentales submitted a Technical Justification Study for the Change of Use of Land (Estudio Técnico Justificativo para el Cambio de Uso de Suelo) to the Secretary of Environment and Natural Resources to grant authorization for 334.75 ha of new land use areas, based upon the inventory of the natural resources to be affected, and an environmental evaluation of the new areas. The Secretary authorized the additional land on October 16, 2013. At that time, the whole mine site was covered by the authorization.

Modifications to the Environmental Licence (Licencia Ambiental Única), initially authorized on March 17, 2010, were submitted on August 25, 2014, to request the authorization of the Secretary of Environment and Natural Resources to include new equipment and increased production capacity for the operating licence, new inventory and registration of emissions to the atmosphere, new inventory and registration of hazardous waste generation and to register modifications to the blasting program. The Secretary conditionally authorized the modifications on October 6, 2014.

Molimentales continues to comply with conditions established by the Secretary of Environment and Natural Resources for all of the previous and newly authorized environmental permits. These conditions include programs for the recovery and relocation of flora, reforestation, recovery and relocation of fauna, monitoring of surface water quality, monitoring of air quality and hazardous waste management.

Magna Environmental, Social and Community Activities

Magna is in the process of restarting operations at the San Francisco mine which will be of immediate benefit to the local community of Estacion Llano, as well as the other regional communities. Magna is planning to continue the social and community activities, as well as maintaining and improving upon the environmental standards that were undertaken by Alio.

The current Magna management is familiar with the San Francisco Project through their time working previously for Alio.

Magna will conduct such reclamation and rehabilitation as may be necessary on those portions of the San Francisco Project where mining activities have been completed during the operational phase of the mine. This will mitigate any residual closure liability such that, at the end of the mine life, all remaining costs may be covered by the scrap value of the plant and other infrastructure.

Project Economics

Capital and Operating Costs

Magna has estimated the forecast capital and operating costs for the San Francisco Project, and Micon has reviewed those forecasts for reasonableness. All estimates are expressed in United States dollars and as of the second quarter of 2020, without escalation. The expected accuracy of the estimates is ±20%.

Given that the mine, processing plant and infrastructure at the San Francisco Project are already established, there is no significant capital investment required in order to bring the San Francisco Project back in operation.

Provision is made for additional heap leach pad area to be built in seven annual phases, at a unit cost rate of $0.30/t heaped capacity. In addition, a provision is made for replacement or refurbishment of existing equipment, in the sum of $100,000 per month over the life-of-mine period. During the first four months after startup, this allowance is increased to a total of $750,000. Total capital costs are forecast as shown in the table below.

Capital Cost Summary

Area	Initial (Yr.1) Capital ($M)	Sustaining (Yrs 2-8) Capital ($M)	LOM Total Capital ($M)
Leach Pad extensions	1.86	11.65	13.51
Equipment replacement	1.55	8.10	9.65
Total	**3.41**	**19.75**	**23.16**

Estimated cash operating costs over the life of the project are summarized in the table below.

Summary of Life-of-Mine Operating Costs

Area	Life-of-Mine Cost ($ 000)	Unit Cost $/t ore milled	Unit Cost $/oz Gold
Mining	353.79	7.43	672
Processing	211.93	4.45	402
General & Administrative	27.68	0.58	53
Selling costs	1.32	0.03	3
Cash Operating Costs	**594.72**	**12.49**	**1,129**
Royalties and Mining Tax	16.28	0.34	31
Total Cash Cost	**611.00**	**12.83**	**1,160**

Open pit mining costs are based on contracted rates for drill, blast, load and haul.

Economic Analysis

Basis of Evaluation

Micon has prepared its assessment of the San Francisco Project on the basis of a discounted cash flow model, from which net present value ("**NPV**") can be determined. Assessments of NPV are generally accepted within the mining industry as representing the economic value of a project after allowing for the cost of capital invested.

The objective of the study was to determine the viability of the proposed restart of the San Francisco mine, heap-leaching facility and ADR plant. In order to do this, the cash flow arising from the base case has been forecast, enabling a computation of the NPV to be made. The sensitivity of this NPV to changes in the base case assumptions is then examined.

Macro-Economic Assumptions

All results are expressed in United States dollars. Cost estimates and other inputs to the cash flow model for the San Francisco Project have been prepared using constant, second quarter 2020 money terms, without provision for escalation or inflation.

In order to find the NPV of the cash flows forecast for the San Francisco Project, an appropriate discount factor must be applied which represents the weighted average cost of capital ("**WACC**") imposed on the San Francisco Project by the capital markets. The cash flow projections used for the evaluation have been prepared on an all-equity basis. This being the case, WACC is equal to the market cost of equity.

In this case, Micon has selected an annual discount rate of 5%/year for its base case, and has tested the sensitivity of the San Francisco Project to changes in this rate.

Project revenues will be generated from the sale of gold/silver doré bars. However, for the purpose of this evaluation, only the value of the gold content has been considered. The San Francisco Project has been evaluated using a constant gold price of US$1,450/oz. While below current market levels, the forecast gold price approximates the average achieved over the past 24 months.

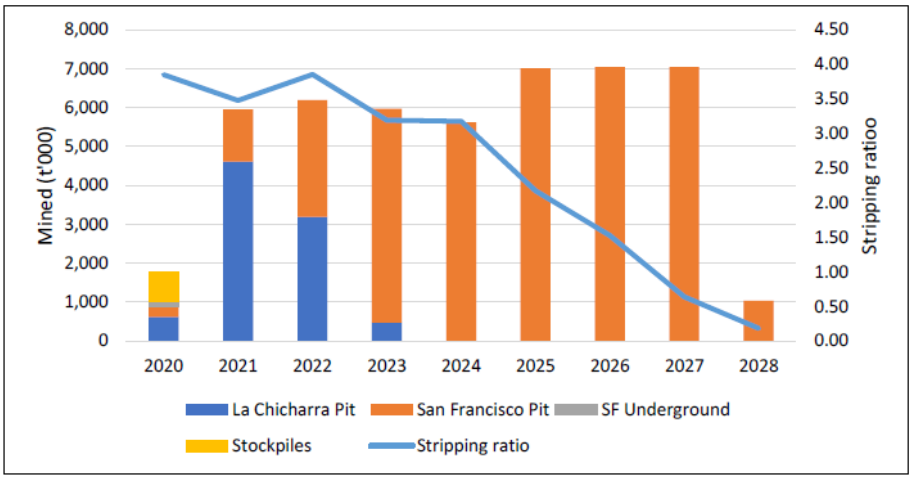
Mexican federal corporate income and mining taxes have been allowed for. A tax credit of US$3.60 million is taken into consideration to off-set income tax payable at the rate of 30%. Capital depreciation allowances of approximately US$17.50 million are also taken into account over the life-of-mine period.

State royalty on gold sales of 0.5%, as well as a royalty of 1.0% to previous owners of the property, have been provided for in the cash flow model.

Technical Assumptions

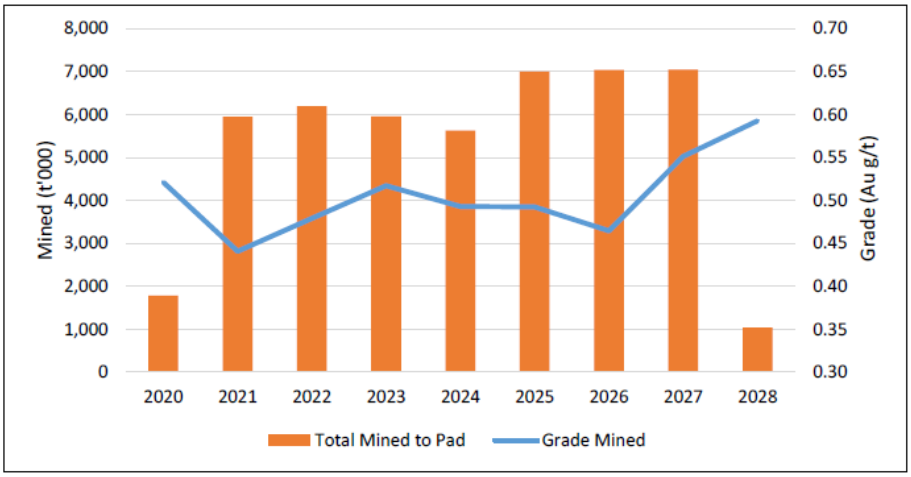
The figure below shows the annual tonnages of ore placed on the leach pad from each source, together with the overall waste striping ratio.

Mining Production Schedule



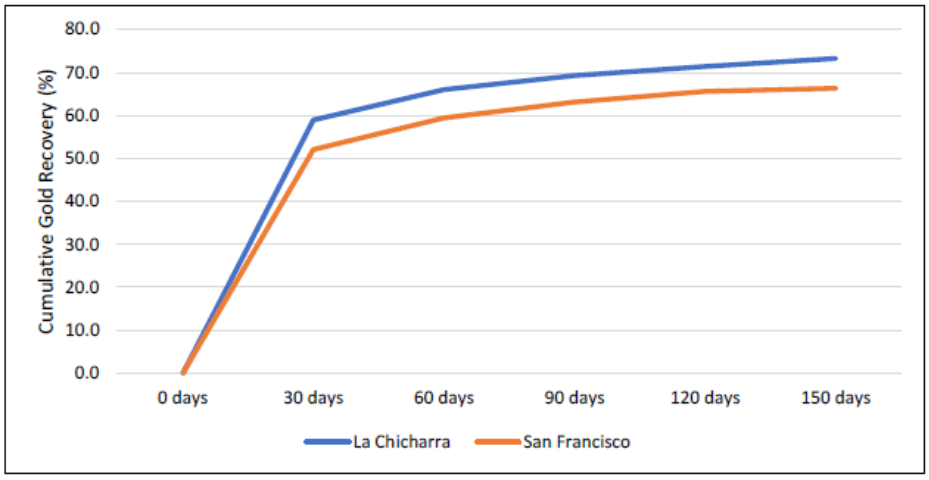
The annual tonnage and average grade of material placed on the leach pad is shown in the figure below.

LOM Grade Profile



The processing and gold production schedule takes into account the respective leach kinetics and ultimate gold recovery from La Chicharra and San Francisco material. In order to account for any delay in bringing mined material under leach, processing is assumed to start at the beginning of the following month, with gold being recovered from that material over the following five months, as shown in the figure below.

La Chicharra and San Francisco Heap Leach Profiles



The life-of-mine base case project cash flow is presented in the table below.

Life-of-Mine Cash Flow Summary

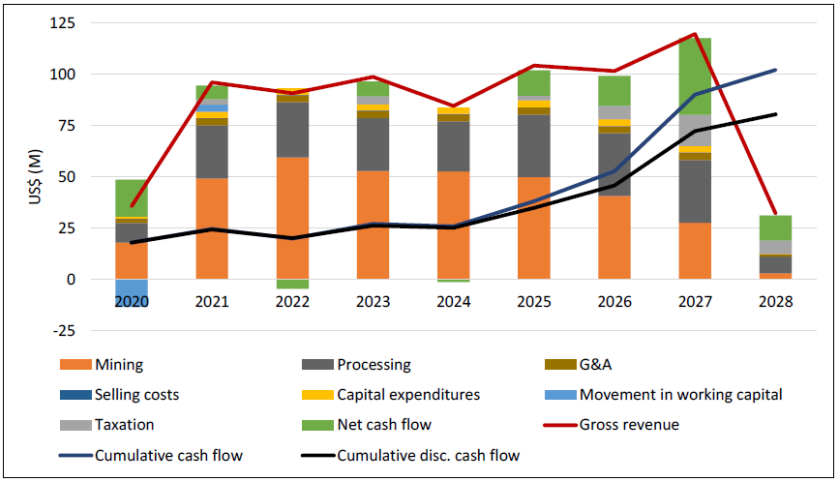
	LOM Total $'000	US$/t Treated	US$/oz Au
Gross Revenue	**763.64**	**$16.03**	**1,450**
Mining costs	353.79	$7.43	672
Processing costs	211.93	$4.45	402
General & administrative costs	27.68	$0.58	53
Selling expenses	1.32	$0.03	3
Cash operating cost	**594.72**	**$12.49**	**1,129**
Royalties & mining tax	16.28	$0.34	31
Total Cash Cost	**611.00**	**$12.83**	**1,160**
Net profit before tax	152.64	$3.20	290
Taxation	37.24	$0.78	71
Net profit after tax	**115.40**	**$2.42**	**219**
Capital expenditure	23.16	$0.49	44
Movement in working capital	(9.95)	($0.21)	(19)
Net Cash flow after tax	**102.20**	**$2.15**	**194**
Cash Operating Cost per ounce			1,129
Total Cash Cost per ounce			1,160
All-in Sustaining Cost per ounce			1,204

Annual cash flows are set out in the table below and summarized in the figure below.

Base Case Life-of-Mine Annual Cash Flow

Period	LOM Total	2020	2021	2022	2023	2024	2025	2026	2027	2028
Gold Sales (koz)	526.65	24.57	66.27	62.64	68.13	58.34	71.89	70.07	82.56	22.19
Gross revenue (US$ '000)	763.64	35.63	96.09	90.83	98.78	84.59	104.24	101.60	119.72	32.17
Mining	353.79	17.99	49.28	59.53	52.93	52.66	49.97	40.70	27.69	3.04
Processing	211.93	9.56	25.80	26.86	25.86	24.40	30.38	30.53	30.55	7.99
G&A	27.68	2.01	3.50	3.50	3.50	3.50	3.50	3.50	3.50	1.17
Selling costs	1.32	0.06	0.17	0.16	0.17	0.15	0.18	0.18	0.21	0.06
Cash Operating Costs	594.72	29.62	78.75	90.05	82.46	80.71	84.03	74.91	61.95	12.25
Royalties & Mining Tax	16.28	0.40	1.52	2.19	2.24	2.14	2.27	2.34	2.11	1.08
Total Cash Costs (US$ '000)	611.00	30.02	80.27	92.24	84.70	82.85	86.30	77.24	64.05	13.33
Net Profit before tax	152.64	5.60	15.82	(1.41)	14.08	1.74	17.95	24.35	55.66	18.84
Taxation	37.24	0.00	2.63	0.00	4.12	0.00	2.29	6.39	15.21	6.60
Net Profit after tax	115.40	5.60	13.19	(1.41)	9.97	1.74	15.65	17.96	40.46	12.24
Capital expenditures	23.16	1.05	3.06	3.22	2.83	3.06	3.31	3.31	3.10	0.20
Movement in working capital	(9.95)	(13.40)	3.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash flow	102.20	17.95	6.68	(4.63)	7.14	(1.33)	12.34	14.65	37.36	12.04
Cumulative cash flow		17.95	24.63	20.00	27.14	25.81	38.15	52.80	90.16	102.20
Discounted cash flow at 5%	80.49	17.95	6.36	(4.20)	6.16	(1.09)	9.67	10.93	26.55	8.15
Cumulative disc. cash flow		17.95	24.32	20.12	26.28	25.19	34.86	45.79	72.34	80.49
Net Present Value (US$ '000)	**80.49**									
Internal Rate of Return	**n/a**	*NB - there must be a negative cash flow to enable IRR to be calculated*								
Cash Operating Cost($ per ounce)	1,129	1,206	1,188	1,438	1,210	1,384	1,169	1,069	750	552
Total Cash Cost ($ per ounce)	1,160	1,222	1,211	1,472	1,243	1,420	1,200	1,102	776	601
All-in Sustaining Cost ($ per ounce)	1,204	1,265	1,257	1,524	1,285	1,473	1,246	1,150	813	610

Life-of-Mine Cash Flows



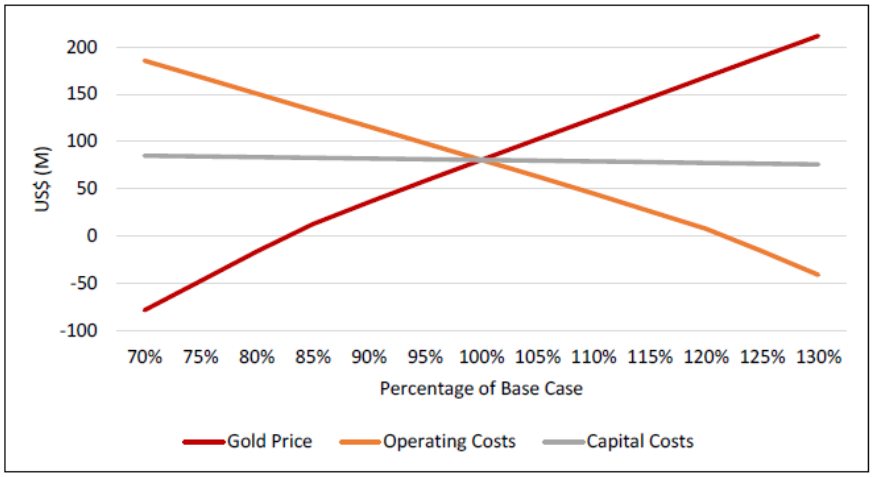
The after-tax cash flows, discounted at the rate of 5% per year, amount to a NPV of $80.5 million. Owing to the absence of an initial negative cash flow, it is not possible to calculate an internal rate of return or payback period for the project.

Sensitivity Study and Risk Assumptions

Micon tested the sensitivity of the after-tax NPV to changes in metal price, operating costs and capital investment for a range of 30% above and below base case values. The impact on the San Francisco Project NPV to changes in other revenue drivers, such as gold grade of material treated and the percentage recovery of gold from processing, is equivalent to gold price changes of the same magnitude, so these factors can be considered as equivalent to the price sensitivity.

The figure below shows the results of changes in each factor separately. The chart demonstrates that the project is most sensitive to gold price, with a reduction of 17.5% giving rise to NPV of close to zero. The project is slightly less sensitive to operating costs, with an increase of more than 21% required to reduce NPV to near-zero. Unsurprisingly, given the relatively small capital costs required to restart the mine, NPV is reduced by less than $5 million for an increase of 30% in capital cost.

Sensitivity to Capital, Operating Costs and Gold Price



Separately, Micon also tested the sensitivity of the San Francisco Project NPV for specific gold prices above and below the base case price of US$1,450/oz. The table below shows the results of this exercise, which demonstrates that a US$50/oz change in the gold price results in a change of approximately US$15 million in NPV.

In August, 2020, gold prices reached a high of more than US$2,050/oz and the average price for the month was above US$1,950/oz.

Sensitivity of NPV to Gold Price

Gold Price (US$/oz)	NPV (US$ M)
1,200	1.45
1,250	18.65
1,300	34.52
1,350	50.23
1,400	65.39
1,450	80.49
1,500	95.58
1,550	110.66
1,600	125.69
1,650	140.71
1,700	155.73
1,750	170.75
1,800	185.76
1,850	200.78
1,900	215.79
1,950	230.79
2,000	245.79

Micon concluded that, based on the forecast production, capital and operating costs presented in the study, the San Francisco Project demonstrates an all-in sustaining cost of US$1,204/oz, and that reopening the San Francisco mine represents a viable project at gold prices above US$1,250/oz.

Exploration, Development and Production

Magna has begun to re-establish mining at the San Francisco Project by starting to process the remaining low-grade stockpile material, as well as restarting mining operations at the La Chicharra pit. Magna is planning to mine the higher grade material in the south wall of the San Francisco pit using underground mining methods.

In addition to bringing the mining operations back into production, Magna is also in the process of outlining and budgeting exploration activities in three areas of the San Francisco Property as follows:

1. San Francisco mine (San Francisco and La Chicharra Pits).

2. Vetatierra Project.

3. La Pima Project.

In order to ensure the continuity of the operations within the San Francisco and La Chicharra pits, Magna has designed a reverse circulation drill program comprised of both infill and exploration holes at specific sites in and around both pits. The program is based on the down dip projections of the mineralized zones, using the accumulated data gathered from the years of exploration and operational drilling and mining of the San Francisco mine, and a gold price of US$1,350/oz of gold. Based on these data, a drill program was designed to test the extension of the mineralization and/or the connection between different mineralized intercepts within the perimeter of the down dip interpretation, as well as focusing on connecting smaller neighbouring mineralized areas. A program of infill drilling has also been outlined in and around the crushing circuit, to examine the feasibility of relocating the circuit and thereby potentially allowing the mining of the mineral resources currently located under it. This drill program consists of a total of 46,250 metres distributed in 290 RC drill holes. In addition to the program outlined above, Magna is scheduled to conduct a core drill program on the south wall of the San Francisco pit, specifically on Phase 7A of the mine plan. The drill program is targeted to further outline the repetitive high gold grade drill intercepts encountered in past drilling campaigns which appear to be related to the vein system located at the San Francisco and El Carmen areas of the San Francisco Project. The Magna drill program will be comprised of approximately 4,000 metres in 38 short core holes.

At the Vetatierra Project, Magna has proposed an initial 2,000 metre drilling program to define the continuity of the mineral intercepts from the previous campaign, to explore the potential lateral extension of the gold mineralization detected during the previous drilling program and to gain a better understanding of the diorite geometry at depth.

Magna has proposed conducting additional exploration at the La Pima Project that includes a geophysical survey using either IP-R or CSAMT and a core drilling program. The geophysical survey will initially consist of two lines to obtain response features of the host rock at depth and the continuity of the main structures. Depending on the initial results, additional lines could be required to assist with designing the drill plan. Magna is in the process of scheduling a core drilling program of 3,000 metres distributed across different targets within the La Pima Project area.

The table below summarizes total expenditures for Magna's exploration programs for 2020 and 2021 for the three focus areas on the San Francisco Property.

Total Estimated Exploration Expenditures for Magna's Three Focus Areas on the San Francisco Property

Year	Area	Expenditures (US$)
2020-2021	San Francisco Mine (San Francisco and La Chicharra Pits)	4,369,575
2020	Vetatierra Project	374,704
2020	La Pima Project	605,350
Total		**5,349,629**

Micon has reviewed the exploration budgets proposed by Magna for each of the three areas on the San Francisco Property and recommends that Magna proceed with the budget as proposed, subject to funding and other operational changes that may arise.

Given the prospective nature of the property, it is Micon's opinion, and that of the authors of the San Francisco Technical Report, that the San Francisco Project and surrounding property merits further exploration with the objective of identifying additional mineralized zones with the potential to extend the life of the project.

Mercedes Project

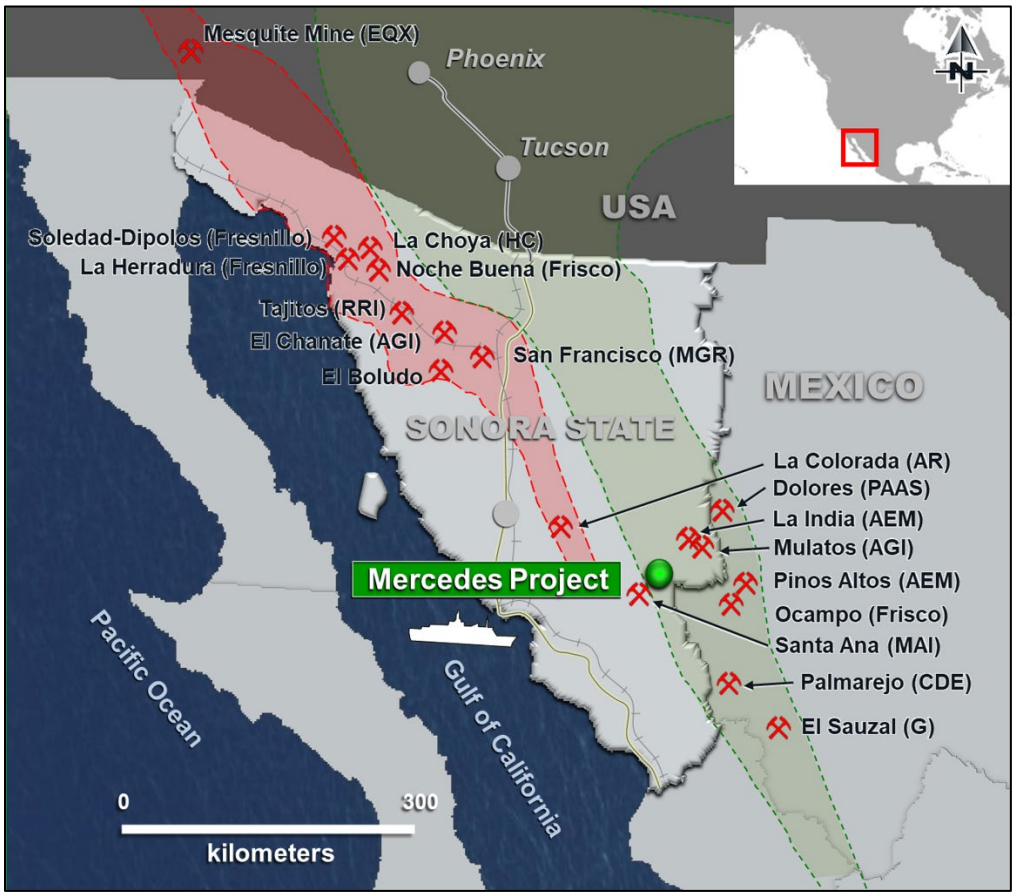
Unless stated otherwise, the information in this section has been derived from the Mercedes Technical Report, is effective as of the date of the Mercedes Technical Report and was reviewed by, and included with the consent

of, William J. Lewis, P.Geo., Richard M. Gowans, P.Eng., Ing. Alan San Martin, MAusIMM(CP), and Rodrigo Calles-Montijo, CPG, the authors of the Mercedes Technical Report. Portions of the following information are based on assumptions, qualifications and procedures, which are not fully described herein. Reference should be made to the full text of the Mercedes Technical Report, which is available for review under the Company's profile on SEDAR at www.sedar.com. The Mercedes Technical Report is not and shall not be deemed to be incorporated by reference in this AIF.

Property Description, Location and Access

The Mercedes Project is located in the Municipality of Yécora, in the State of Sonora, Mexico. The property is approximately 250 kilometres southeast along federal Highway 16 from Hermosillo (see figure below), near the state border with Chihuahua. The main workings are easily accessed by ranch tracks accessed through a gated turnoff from the highway. The main showings are located about 50 metres from the highway turnoff.

Location of the Mercedes Project



Magna, through its subsidiary Minera Magna, has optioned two contiguous mineral concessions and, through its second subsidiary, LM Mining, owns seven contiguous mineral concessions. The nine mineral concessions total 974.57 ha and comprise the Mercedes Project. The table below summarizes the information for the mineral concessions which comprise the Mercedes Project.

Summary of the Mercedes Project Mineral Concessions

Mineral Concession Name	Title Number	Owner	Location (UTM NAD 27 Mex)	Mineral Concession Type	Area (ha)	Location Date	Expiry Date	Bi-Annual Fee (US$)
CR	212937	Minera Magna, S.A. de C.V.	687,575.001 E - 3,142,661.695 N	Mining Concession	93.8491	February 13, 2001	February 12, 2051	1,567
Ampliacion Mina del Oro	217854	Minera Magna, S.A. de C.V.	687,575.001 E - 3,142,661.695 N	Mining Concession	251.659	August 26, 2002	August 25, 2052	4,201
Maria Fraccion I	222248	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	265.4726	June 22, 2004	June 21, 2054	4,432
Maria Fraccion II	222249	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	107.3373	June 22, 2004	June 21, 2054	1,792
Maria 2 Fraccion 1	224162	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	147.4857	April 19, 2005	April 18, 2055	2,462
Maria 2 Fraccion 2	224163	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	30.9324	April 19, 2005	April 18, 2055	516
Maria 2 Fraccion 3	224164	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	20.0000	April 19, 2005	April 18, 2055	334
Maria 2 Fraccion 4	224165	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	4.3897	April 19, 2005	April 18, 2055	73
Maria 3	224166	LM Mining Corp, S.A. de C.V.	687,112.750 E - 3,143,265.724 N	Mining Concession	54.1939	April 19, 2005	April 18, 2055	905
Total:					**975.3197**			**16,282**

The two contiguous concession blocks (C.R. and Ampliacion Mina del Oro) cover a total combined area of 344.75 ha and are in good standing. Minera Magna holds these two mineral concessions by way of an option agreement dated September 25, 2018 between Beatriz Delia Yepiz Fong and Minera Magna. The agreement outlines the terms whereby Magna could earn 100% ownership of the mineral concessions by making cash payments totalling US$1.34 million, in staged tranches over a four-year period from the date of the agreement. In addition to cash payments, Magna was obliged to issue a total of 2,442,105 Common Shares on or before May 27, 2020. These shares have been issued and Magna has completed this obligation in the agreement. Completion of the payment schedule will afford Minera Magna the right to 100% ownership of the concessions. The optionor will retain a net smelter return royalty of 3%, the entirety of which may be purchased by the optionee at a price of US$500,000 per percentage point within the first three years of production (total of US$1.5 million if exercised within the first three years of production). To the extent known, there are no additional royalties, no back-in rights, additional payments or other agreements or encumbrances to which the property is subject.

LM Mining is the sole owner of the seven mineral concessions registered to it. LM Mining acquired the concessions through a free assignment agreement dated December 14, 2018 between Jose Maria Rodriguez Hernandez and Rosa Alba Ruiz Murrieta and LM Mining. The agreement outlines the principal terms whereby LM Mining earned the 100% ownership of the seven concessions. This transaction was a free assignment agreement because the original concessionaires owed to the mining authorities more than US$100,000 of mining fees and the concessions were cancelled by the mining authorities. LM Mining paid the legal process to reverse the cancellation and paid the mining taxes and thus became the sole owner of the seven concessions.

For any concession to remain valid, the bi-annual fees must be paid and a report has to be filed during the month of May of each year which covers the work conducted during the preceding year. Concessions are extendable, provided that the application is made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements are in good standing. The bi-annual fee, payable to the Mexican government, to hold the group of contiguous mining concessions for the Mercedes Project is US$16,282.

The Mercedes Project is located on a number of concessions upon which artisanal mining has previously been conducted, as well as a number of historical exploration programs by other companies. However, the extent of historical environmental liabilities to which the mineral concessions may be subject is unknown, as all of the artisanal mining is historical and the previous exploration operators would have been subject to reclamation provisions in their licences.

Environmental permits for diamond drilling activities were granted to Minera Magna by the Environmental Ministry SEMARNAT on November 29, 2018. The Mexican permitting process requires the filing of a comprehensive environmental evaluation document (Informe Preventivo) prepared and submitted by a registered environmental consultant. Minera Magna's authorization extends for three years from the date of the permit or November 29, 2021. Therefore, the current permits are in place and will most likely be renewed as Magna continues to evaluate the Mercedes Project.

Micon and the authors of the Mercedes Technical Report are not aware of any significant factors or risks, other than those discussed in this section, that may affect access, title or the right or ability to perform work on the property by Magna. Further permitting and environmental studies could be required if sufficient mineralization is discovered and if further economic studies demonstrated that the mineralization is sufficient to host a mining operation.

History

Historical Exploration

Two phases of historical drilling were performed on the property. In 1996, a reverse circulation drilling program consisting of 15 holes totalling 1,018 metres was completed by Compania Minera Fernanda S.A. de C.V. ("**Minera Fernanda**"). In 2008, Galena Capital Corporation/Norma Mines Limited ("**Norma Mines**") completed a diamond drilling campaign comprising 10 holes for a total of 1,113 metres.

The historical drilling data lack downhole survey information and assay values cannot be physically verified as no core or sample residue survive from that period. For as long as this information remains unverified, it does not qualify for inclusion into a mineral resource. However, these data do provide an insight as to the general distribution of mineralization within La Lamosa Ridge and should be considered part of the working database. Further verification of these data through twinning a number of the drill holes and an accurate survey of collar locations may allow the data to be used in mineral resource estimates in the future.

Historical Rock Geochemistry

During the course of fieldwork, Norma Mines collected 62 rock samples: three from outlying areas, four from Mina del Oro and 55 from three main benches at La Lamosa Ridge. The strongest mineralization was encountered along the La Lamosa Ridge top, within the outcropping mineralized zone. Two additional benches were sampled down slope to the south and returned low results.

Historical Metallurgical Studies

Reportedly, in 1996, Minera Fernanda conducted metallurgical testwork. However, neither Micon nor the authors of the Mercedes Technical Report have viewed the 1996 report, nor any supporting data such as metallurgical testwork summaries or reports, laboratory used, sample quantities, sample origin, methods employed or other technical information regarding the metallurgical work. It has been noted that testing was performed on oxidized material and cyanidation recoveries were 80% for gold and 15% for silver contained in metallurgical samples. Average grades in this testing were between 0.6 and 1.3 g/t Au and 4 to 10 g/t silver. The consumption of reagents was reportedly 0.70 kg of sodium cyanide per tonne of mineralized material. However, these data are historical and not adequately documented to be considered reliable enough to be used in any mineral resource estimate, other than a declaration of inferred mineral resources. Further fully documented metallurgical testwork is necessary in order to declare any measured or indicated mineral resources.

Magna has conducted some metallurgical testwork which now supersedes the historical testwork.

Historical Mineral Resource Estimates

There are no historical mineral resource estimates for the Mercedes Project.

Historical Production

There are a number of historical artisanal workings on the property but there is no actual record of any historical production from the property.

Geological Setting, Mineralization and Deposit Types

Regional Geology

The property is located within the Sierra Madre Occidental. The property sits on the edge of a broad erosional window in the Upper Volcanic Sequence of late Cretaceous aged rhyolites and rhyolitic tuffs which are overlain in the southeastern corner of the map by younger polymictic conglomerates, rhyolite tuffs and basalt flows. The erosional window exposes Lower Volcanic Sequence rocks in this region, represented by andesites and andesitic tuffs of the Tarahumara Formation. The andesites are underlain and/or intruded by a suite of granite/granodioritic rocks which, in turn, are seen to host younger intrusive dykes and elongate bodies of porphyritic felsic rocks. The property contains many of the above-mentioned rock groups, though is underlain predominantly by intrusives of granodioritic to granitic composition.

Visually, the region to the north and east of the property takes the form of a broad valley dotted with numerous intrusive stocks and erosional resistant dykes, hosted within older intrusives or, in some cases, the lower volcanics. The geomorphology of the area east of the highway suggests that the valley may represent a large collapsed caldera, though this is observation only. Government mapping depicts strong structural control to the distribution of intrusives and it is clear that the entire region represents a highly active pre-historic volcanic district, with extensive associated hydrothermal activity.

There are extensive areas of oxidation and silicification throughout the region which appear to further support the idea that this entire region may have been hydrothermally active over an extended period.

Local and Project Geology

Little detailed geological mapping is available for the property, though it is known to be underlain by three main geological units: porphyritic rhyolitic tuff containing numerous quartz eyes, aphanitic andesite flows and tuffs locally brecciated, and a propylitically altered and sometimes mineralized and porphyritic felsic intrusive

(logged as a quartz-feldspar porphyry in previous drilling campaigns) of granodioritic to monzonitic composition.

The intrusive unit is most often encountered as a rusty red brecciated and silicified rock in the La Lamosa Ridge area. In this location, there is a volcanic/intrusive contact on the northern flank of the hill which may prove to be the footwall contact of the mineralization. Andesites are typically propylitically altered and, at La Lamosa Ridge, are seen in the footwall (northern) side of the hill. Variably silicified intrusives display a strong argillic and phyllic alteration. Overlying the above-mentioned units is a volcanic complex of Upper Tertiary age which is divided into two separate units: the Lower Volcanics, mostly comprised of andesites and dacites and the Upper Volcanics, mostly comprised of ignimbrites, breccias and agglomerates. The Upper Volcanics were not observed at the La Lamosa Ridge or Mina del Oro areas where the majority of the exploration has occurred. It is expected that they are to be found at higher elevations toward the southwestern and western edges of the property.

The northeast trending oxidized La Lamosa Ridge is variably silicified, grading from moderate to intense along the main trend. Zones of vuggy silica were observed, with these zones often returning the highest gold grades in rock samples. Alteration assemblages recognized within the hematitic intrusive breccia tend to display a zonation away from a silica rich core, to strong argillic and phyllic type (quartz, clays and sericite), to an argillic type (kaolin and sericite) and into propylitic (chlorite-epidote) further away from the mineralized zone. Tourmaline alteration outcrops near the extreme northeast end of the hill did not return anomalous gold values in grab samples. The main La Lamosa Ridge area is conspicuously oxidized, easily visible from the highway as a bright red hill extending out from the road. Hematite, limonite and jarosite are the most common iron oxides and are often found in conjunction with some level of silicification. Strongly oxidized, red rocks are often mineralized, best results from grab sampling have been returned from highly silicified outcrops.

Mineralization

Mineralization at the La Lamosa Ridge area is hosted by a brecciated and sheared quartz feldspar porphyry intrusive, sometimes near contacts with andesitic flows and tuffs. Mineralization appears to be disseminated in much of the strongly oxidized/silicified rock, with locally higher-grade zones reflected in diamond drill results and individual grab samples. Broad zones averaging around 0.5 g/t gold were returned from historical diamond drilling and individual intervals reportedly sampled up to 16 g/t gold. Rocks within the mineralized zone are highly altered and often host quartz stringers and veinlets. The strongly oxidized and silica altered portion of the hill has historically returned the highest individual grades.

The mineralization control appears structural, controlled by faults and shear zones. The most northeastern portion of the anomalous zone is comprised of numerous fault intersections showing variable orientations. It is believed that the "feeder" structure for La Lamosa Ridge mineralization is oriented approximately 050°, within the strongly fractured, faulted and brecciated zones.

Deposit Types

The Mercedes Project alteration and mineralization observed is hydrothermal in nature and exhibits many characteristics of a high sulphidation or acid-sulphate type. High sulphidation gold-silver deposits are common in plutonic-volcanic arcs and numerous examples exist in the Sierra Madre Occidental within the district. High sulphidation deposits are characterized by distinctive alteration styles and textures caused by the passage of high temperature acidic hydrothermal fluids though suitably fractured or permeable rocks. Commonly, they display zoned alteration whereby a central silica core is flanked by advanced argillic alteration often containing alteration minerals such as dickite, pyrophyllite, alunite, kaolinite or diaspore. Vuggy silica is a texture/alteration product known to be indicative of this style and is caused by silica replacement and acid leaching of the soluble components of host rocks in proximity to the causative fluid pathways. High sulphidation epithermal deposits can be vein hosted or disseminated and are often high tonnage and low grade.

Previous work at the La Lamosa Ridge area reports disseminated gold mineralization hosted within an andesitic to rhyodacitic volcanic complex intruded by a quartz-feldspar porphyry. The resistant spine of the La Lamosa Ridge is composed of a strongly silicified breccia zone within the intrusive close to the volcanic contact and shows strong oxidation in the form of hematite/limonite/jarosite staining and strong silica and argillic alteration. The main control for the mineralization at the Mercedes Project appears to be structural and the mineralized showing is oriented 050°, dipping steeply to the southeast. There is evidence of abrupt changes in alteration over the extent of the property and a detailed mapping program may possibly identify several additional fault orientations.

Gold occurs in oxide, mixed oxide/sulphide and sulphide mineralization types, with pyrite being the primary sulphide mineral along with minor amounts of enargite. The highest gold values were mostly located within the oxidized zone, some in the mixed oxide-sulphide and very little within the sulphide zone. Base metal values, especially copper, seem to be higher downhole indicating a potential zonation.

Exploration

Magna conducted an exploration program of reconnaissance and target selection on the Mercedes Project from August 28 to September 12, 2019. The work was conducted by Gambusino Prospector de Mexico, S.A. de C.V. with the aid of Magna's personnel in the field. The objective of the work was to gain insight on the geology and mineralization present at the site, with a focus on the selection of targets for further testing by prospecting, stream sediment and rock chip sampling.

Targets

At the Mercedes Project, a total of seven target areas have been defined, to date. The seven targets are as follows: La Lamosa Ridge, La Lamosa East, Noche Buena – Los Fierros, La Cueva, Mina de Oro, Salto Colorado and La Olvidada.

<u>La Lamosa Ridge Target</u>

Most of the work so far by Magna and previous companies has been concentrated on La Lamosa Ridge. The ridge is distinctly reddish, and a conspicuous feature easily spotted from the nearby paved road Hermosillo – Yécora. Only a brief time was spent on the outskirts of La Lamosa Ridge in an effort to relate the work accomplished by Magna with the other targets present on the Mercedes Project.

The trace of a quartz – tourmaline breccia extends nearly 500 metres along a 45° azimuth and up to 75 metres in width, which exhibits vertical structures within it. However, drilling has defined a clear but not steep dip to the southeast. Strong quartz tourmaline brecciation is restricted to approximately 235 metres of strike length along this trend, which also corresponds to the area worked by the artisanal miners. Locally, along the vertical structures, more intense alteration and mineralization produced coarse grained sericite and vuggy silica, possibly bearing high-grade gold grades.

The breccia is hosted in the andesitic volcanic package, at the contact with a fine to medium grained granodiorite with chloritized ferromagnesian, rock that is silicified and tourmalinized near the breccias. A puzzle is the presence of an igneous rock with clear and abundant quartz eyes and feldspars. This rock bears much of the gold mineralization at La Lamosa Ridge and has not been observed anywhere else in the property. The rock texturally looks more like a volcanic rock, but the setting and shape point more to an intrusive origin.

<u>Salto Colorado Target</u>

The Salto Colorado target is a breccia body oriented on a 60° to 70° azimuth, 300 metres long by 60 to 150 metres in width, with two lobes that increase its length on the eastern end. The major lobe is oriented to the

north, with a 20 to 30 metres width and a length of approximately 150 metres. The other lobe is oriented to the east, 70 metres in length and 25 metres in width. The silicified rib has a minimum elevation of 1,140 metres and a maximum elevation of 1,260 metres.

The Salto Colorado target consists of a quartz tourmaline breccia with varying degrees of brecciation and sulphide content. The quartz tourmaline breccia contains rock fragments identified as belonging to the host granodiorite, as well as some that probably are fragments of the volcanic rocks that flank the breccia body on its southwest side. The breccia is terminated on the western end by a scarp, but a ridge more than 150 metres in length, outside Magna's concessions, is trending on the same bearing and may represent the faulted continuation to the west.

A separate breccia body, approximately 30 metres by 30 metres and possibly a breccia pipe, is included within this target due to its proximity, as it is only 160 metres north of the furthest extent of the north lobe outcrop.

Some parts of the ridges that give shape to the Salto Colorado target are better described as strongly silicified granodiorite with intense quartz-tourmaline veining, especially the north bearing lobe, which only displays minor amounts of brecciation. Stronger alteration is represented by both silicification and coarse-grained sericite, accompanied at many sites with a disseminated oxidized sulphide boxwork.

Mineralization at the main breccia body includes a small working which has been exploited for its galena-chalcopyrite content within a quartz tourmaline breccia. Paragenetically, tourmaline quartz veining and breccia filling was followed by coarse crystalline quartz veining and filling of cavities as druses, and a late stage of coarse sulphide introduction. Rock sampling by the Mexican Geological Survey ("**SGM**") includes results of up to 2.6 g/t gold, that might correspond to mineralization at the small workings, as well as several anomalous samples ranging from 40 to 400 ppb gold and up to 0.5% copper. Minor copper oxides were identified from the granodiorite outcrops to the south of the breccia and also on volcanic rock float fragments.

The two small workings on the Reyecitos breccia are said to have been prospected for its gold content. Magna's XRF readings with an Olympus Delta gun on multiple samples from the Salto Colorado target have returned local gold values of 7 g/t gold, common readings of 10 to 60 g/t silver and readings of copper of up to 30% and lead of up to 19.9%.

Noche Buena – Los Fierros Target

This target is characterized by the presence of at least three moderately sized quartz-tourmaline breccias and several zones of silicification and quartz-tourmaline-sulphide veining within the granodioritic stock and minor aplite bodies. The Noche Buena breccia is roughly an ellipsoid 80 metres by 120 metres in size, elongated in an east-west direction. However, the Noche Buena breccia does not form an especially distinctive ridge as the other breccias in the area do, with the exception of a copper stained 20 metre high scarp on the eastern side of the stream that cuts through it. The breccia is hosted in granodiorite on its western edge and an aplite on the eastern side and bears fragments of both rock types within it.

The target shows potassic alteration as halos to quartz tourmaline veinlets and as rims of rock fragments within the breccias. Quartz tourmaline aggregates form the matrix of the breccia, although the order of emplacement seems different from that at the Salto Colorado target, as quartz borders the rock fragments and lines the veinlets, with tourmaline occupying the cavity centres and veinlet core. Locally, quartz tourmaline veinlets show lining chalcopyrite pods several centimetres in width.

The SGM did an evaluation of the breccia, measuring it at 150 metres by 150 metres, and a grade of 0.21% of tungsten oxide (WO_3) with good gold and copper credits. Recent sampling by Magna reported 0.34 g/t, 0.42 g/t and 0.76 g/t gold in three of six samples from the caved in mine workings at Noche Buena. Other assays for these samples included 30, 67 and 80 g/t silver; 4,310, >10,000, >10,000 ppm copper; 11 to 191 ppm

molybdenum and anomalous values of lead, zinc, arsenic and antimony. In addition, four samples contained over 100 ppm tungsten. Nearby sampling on quartz tourmaline veins also returned 0.25 g/t gold, 16 g/t silver, 0.18% Cu, 218 ppm Mo and over 100 ppm tungsten. Of four XRF readings by Magna geologists, one returned 14 g/t Au, and the four samples returned 1.4%, 1.4%, 2.1% and 27.1% copper.

The Los Fierros portion of the target displays two breccia bodies that have seen minor small-scale mining for tungsten. The northern most breccia is about 300 metres long and possibly 30 metres in width. Its position along a steep cliff may indicate a shallow dip, but that still needs to be confirmed by field observations. There are at least two adits into this target, but these have not been accessed and sampled. The southern breccia appears to be around 320 metres long by 50 metres wide, from the top of the hill to the stream base. Minor copper staining was observed on the latter ridge, near the hill summit. However, the actual extent of both breccias remains to be mapped.

The results of four samples on the breccias are as follows; two returned 21 and 62 ppb gold and two returned over 100 ppm tungsten. Interestingly, four contiguous samples of the granodiorite on the stream returned 9 metres grading 0.13 g/t gold, 10 g/t silver and 1,551 ppm copper, including 3.8 metres grading 0.195 g/t gold and 3 metres grading 4,072 ppm copper. Those values are related to minor oxidized sulphide veining, minor green and black copper oxides and a 2 centimetre quartz veinlet with a black mineral interpreted as chalcocite.

La Lamosa East Target

One of the goals of the Magna work on the targets was to establish whether or not there is a connection between La Lamosa Ridge mineralization and the quartz tourmaline breccias hosted in the granodiorite in the Noche Buena – Los Fierros target area. Not surprisingly, the connection is established by a corridor of mostly subcrop and float of silicified and tourmalinized granodiorite and quartz-tourmaline breccia, and local float fragments of vuggy silica. The corridor is 750 metres long, 25 to over 100 metres in width, encompassing nearly 300 metres of exposed elevation difference. On the Los Fierros stream, an aplite dike several metres wide mapped by Magna geologists shows minor sulphide veinlets and minor disseminated pyrite and chalcopyrite, and might be related to the formation of nearby breccias.

Mina de Oro Target

The Mina de Oro target is the only one that is not clearly related to quartz-tourmaline breccias at the Mercedes Project, although recent finds by Magna geologists point to a probable connection. Gold and base metals mineralization is associated with strong and complex structures in andesitic rocks, with even low angle structures showing lateral displacement. This arrangement precludes testing structures by just targeting a plane and might be better followed as a trend hosting pods of higher-grade ore. Mineralization here has been mined at small scale by following these irregular arrays of minerals, exploiting quartz-pyrite-galena lenses, especially at the working known as Mina Vieja.

Minor copper oxides in fractures seem to follow the general east-northeast trend of mineralization, which might be used for targeting more restricted gold mineralization on the more than 350 metre long corridor so far established. There is a silicified ridge on what might represent a felsic volcanic rock, that is covered on the top by the chlorite altered andesites. This ridge presents very strong quartz – sericite alteration related to a flow banded rock at the stream level (Barranco El Pino), is pyrite bearing and with a few samples with over 0.1 g/t gold. Upper on the hill, two samples on jarosite-stained silicified rock returned over 0.3 g/t gold and, further up, some copper staining was found.

Results of rock sampling by the SGM at the Mina de Oro workings returned up 5.6 g/t gold, 1.4% copper and 2,070 ppm molybdenum.

La Cueva Target

This is the northernmost target, located less than 200 metres from the edge of the claim. The target is at least 300 metres long by 10 to 50 metres in width, spanning 50 metres of altitude, and oriented east-west. A quartz – tourmaline breccia 150 metres long outcrops on both sides of the La Palmita stream, being concealed under stream and slope deposits for nearly 100 metres of its length. The eastern limb is represented by a cliff tens of metres high, with a vertical wall towards the stream which is composed mostly of quartz, and only locally bears rock fragments and tourmaline. Granodiorite and aplite host the breccia, with only the aplite contact with the breccia having been observed. Jarosite staining and copper oxides are common but erratic.

A small working on its eastern end is developed on a fault contact with the aplite, showing strong bright green copper staining. On the west, the granodiorite outcrops beyond the aplite, hosting quartz-tourmaline veinlets that display a quartz-sericite halo and local copper oxide staining. Two samples by the SGM returned 46 and 93 ppb gold, and one returned 310 ppm copper. Current sampling returned 20 to 136 ppb gold in five assays.

La Olvidada Target

This target was not visited during the 2019 reconnaissance program, as when seen in the field from a distance it was thought to be outside the eastern boundary of the property. However, a recent review of satellite data points to an escarpment that might be another quartz-tourmaline breccia which lies on the inner side of the claim limit. The silicified ridge trends northeast for at least 50 metres, is about 15 metres wide and seems to straddle the contact between the granodiorite and the volcanic rocks.

Magna Preliminary Geochemistry by XRF

Magna geologists utilized an Olympus Delta gun for XRF readings in the field. These results are point measurements that nonetheless provide a first glance at the geochemical composition of the rock in question and are useful for guiding exploration efforts. However, XRF results are not used in estimating mineral resources. The table below summarizes some of the XRF readings for the Salto Colorado, Mina Vieja and Noche Buena targets.

Summary of Some XRF Readings for the Salto Colorado, Mina Vieja and Noche Buena Targets

Reading	Area	Mode	Copper (%)	Zinc (%)	Silver (ppm)	Gold (ppm)	Lead (%)
#3-1	El Salto	Geochem	23.02	0.176	14.6	N/D	0.306
#5-1	El Salto	Geochem	0.87	<LOD	10.5	N/D	19.930
#7-1	El Salto	Geochem	26.60	0.108	14.1	N/D	0.486
#9-1	El Salto	Geochem	0.00	0.072	3.0	N/D	0.004
#10-1	El Salto	Geochem	8.19	0.359	18.5	N/D	9.900
#12-1	El Salto	Geochem	22.34	0.048	14.2	N/D	0.068
#13-1	El Salto	Geochem	7.36	0.068	10.4	N/D	0.220
#15-1	El Salto	Geochem	0.55	0.009	3.0	7	0.014
#26-1	El Salto	Geochem	0.03	<LOD	3.7	N/D	0.208
#28-1	El Salto	Geochem	30.07	0.223	58.8	N/D	2.144
#30-1	El Salto	Geochem	11.79	0.061	25.5	N/D	1.703
#31-1	El Salto	Geochem	0.03	<LOD	11.2	N/D	15.910
#33-1	Mina Vieja	Geochem	0.29	0.016	3.6	15	0.054
#48-1	Noche Buena	Geochem	1.36	0.019	2.5	N/D	N/D
#49-1	Noche Buena	Geochem	2.15	0.048	N/D	N/D	N/D
#60-1	Noche Buena	Geochem	1.39	0.007	2.7	14	0.001
#71-1	Mina Vieja	Geochem	0.01	0.002	N/D	N/D	0.002

Reading	Area	Mode	Copper (%)	Zinc (%)	Silver (ppm)	Gold (ppm)	Lead (%)
#72-1	Noche Buena	Geochem	27.09	0.059	24.7	N/D	0.025

As summarized in the table above, the Salto Colorado, Mina Vieja and Noche Buena targets show promising readings in gold, copper and lead. Gold results are just indicative of the probable presence of the element, as other elements like arsenic and zinc can produce false positive readings. However, the positive gold readings on the three targets also happen to have multi-gram gold geochemical results from samples taken by the SGM. These point specific XRF readings with high gold are expected to turn into gold bearing geochemical samples from the same targets, even if not at the same grades.

Drilling

2019 Magna Drilling Program

From July to September 2019, Magna conducted a drill program comprised of 21 RC holes for 2,723.39 metres, distributed along a 300 metre strike length of the La Lamosa Ridge. The program was based on an intensive program of surface rock channel sampling, geology and alteration mapping and the analysis of the data from the two previous historical drilling campaigns.

2019 Magna Reverse Circulation Drilling Program

The 2019 drill program by Magna was focused on confirming the continuity at depth of the gold mineralization detected on surface by the systematic channel rock sampling, geology and alteration mapping, and the gold mineralization identified by the two previous drilling campaigns. The results of the Magna drilling program confirmed the extension of the mineralization along strike for 250 to 300 metres, over a width of 60 metres and up to 40 metres in depth along the La Lamosa Ridge. The gold mineralization is hosted in a brecciated and sheared porphyritic intrusive in contact with andesite flows and tuffs. The gold and silver mineralization can be classified as being hydrothermal in origin, and comprised of quartz stringers, veinlets and crystalized open space fillings. The main control of the mineralization is structural with it occurring in relation to thrust and normal faults and shear zones. The mineralization is associated with a trend of structures orientated northeast 40-50° southwest and dipping 30-45° southeast.

Initially a pair of holes were drilled to twin the results from the 2008 diamond drill program and to confirm the presence of gold mineralization on the site and its distribution vertically along the holes. None of the witness core was available from the previous 2008 drilling, however, Magna did have the 2008 database indicating the drill holes and assays.

The twin holes were MER08-01 (2008) versus MER19-001 (Magna 2019) and MER08-02 (2008) versus MER19-003 (Magna 2019). RC hole number MER19-001 confirmed gold and silver mineralization from surface to 117 metres down the hole with an average grade of 0.520 g/t gold. The existing database for MER08-01 shows that mineralization over the same interval averages 0.493 g/t gold. Magna's second twin drill hole was MER19-003 which twinned 2008 drill hole MER08-02. A comparison using the same distance from 0.00 metres to 117 metres along the holes averaged 0.359 g/t gold for the hole MER08-02 and 0.541 g/t gold for the hole MER19-003. The gold grade in Magna's 2019 RC drill holes was somewhat higher than in the previous 2008 diamond drill holes.

The best gold mineral intercepts are coincident in depth along both of the twinned holes. However, in the case of the 2008 diamond drilling, the gold values are lower than the 2019 RC drilling values which could be attributable to some contamination in the RC drilling. While the possibility of potential contamination needs further investigation, the primary result of the twinned drilling was that the mineralization and distribution along the holes was positively demonstrated.

Magna's drilling on the Mercedes Project totalled 21 RC holes which were distributed along the La Lamosa Ridge. The ridge is continuous for more than 300 metres along an azimuth of 40°, with a variable width ranging from 40 metres to 60 metres which falls off sharply in the extreme northeast and along its slopes to the southeast and northwest. Towards the southwest, the ridge descends gently to the dirt road that connects the property with the highway from Hermosillo.

The table below summarizes the most significant mineral intercepts for 18 RC holes out of the 21 RC holes drilled. The table includes the silver values and a calculation for gold equivalent.

Summary of the Significant Mineral Intercepts for the 2019 RC Drilling on the La Lamosa Ridge

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
MER19-001	**167.64**	**0.00**	**140.21**	**140.21**	Drilled along the dip	**0.53**	**8.49**	**0.65**
	and	0.00	33.53	33.53		0.66	6.13	0.75
	Include	0.00	13.72	13.72		1.04	3.06	1.08
	and	44.20	48.77	4.57		0.52	1.86	0.55
	and	60.96	97.54	36.58		0.97	9.86	1.10
	Include	60.96	68.58	7.62		1.54	2.06	1.57
	Include	71.63	92.96	21.33		1.00	13.12	1.18
	and	128.02	140.21	12.19		0.66	9.81	0.79
	Include	129.54	135.64	6.10		0.85	14.35	1.05
MER19-002	**152.40**	**0.00**	**18.29**	**18.29**	Drilled along the dip	**0.55**	**2.53**	**0.59**
	Include	3.05	4.57	1.52		1.33	2.20	1.36
	Include	7.62	15.24	7.62		0.76	2.96	0.80
	and	111.25	114.30	3.05		0.58	23.50	0.90
MER19-003	**134.11**	**0.00**	**120.40**	**120.40**	Drilled along the dip	**0.54**	**22.40**	**0.85**
	and	24.38	28.96	4.57		0.41	4.86	0.47
	and	32.00	68.58	36.58		0.74	63.88	1.59
	Include	45.72	64.01	18.29		1.10	106.67	2.53
	and	79.25	120.40	41.15		0.79	5.63	0.86
	Include	83.82	92.96	9.14		1.24	11.56	1.39
	Include	96.01	97.54	1.52		1.73	1.30	1.75
	and	108.20	118.87	10.67		1.09	4.46	1.15
	and	135.64	137.16	1.52		0.21	0.21	0.22
MER19-004	**131.06**	**0.00**	**118.87**	**118.87**	**54.03**	**0.46**	**42.59**	**1.05**
	Include	12.19	13.72	1.52	0.69	0.22	0.22	0.23
	Include	18.29	44.20	25.91	11.78	0.59	64.23	1.44
	Include	28.96	30.48	1.52	0.69	1.16	48.20	1.80
	Include	33.53	39.62	6.10	2.77	1.14	143.00	3.04
	Include	50.29	62.48	12.19	5.54	0.32	172.79	2.62
	Include	62.45	80.77	18.32	8.33	0.27	25.88	0.62
	Include	80.77	112.78	32.00	14.55	0.75	13.84	0.94
	Include	80.77	92.96	12.19	5.54	0.78	15.03	0.98
	Include	100.58	109.73	9.14	4.16	1.26	11.57	1.41
	Include	115.82	118.87	3.05	1.39	1.00	5.27	1.07
MER19-005	**91.44**	**6.10**	**9.14**	**3.05**	**2.62**	**0.33**	**0.33**	**0.34**
	and	30.48	32.00	1.52	1.31	0.31	0.31	0.31
MER19-006	**91.44**	**4.57**	**27.43**	**22.86**	**21.68**	**0.57**	**25.23**	**0.91**
	Include	18.29	25.91	7.62	6.02	1.09	44.50	1.69
	and	50.29	53.34	3.05	2.41	0.86	8.35	0.97
MER19-007	**131.06**	**0.00**	**27.43**	**27.43**	**17.83**	**0.45**	**10.15**	**0.59**

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
	Include	3.05	9.14	6.10	3.96	0.80	15.44	1.01
	Include	22.86	24.38	1.52	0.99	1.11	7.60	1.21
MER19-008	**140.20**	**0.00**	**62.48**	**62.48**	**40.16**	**0.36**	**12.44**	**0.53**
	Include	28.96	47.24	18.29	11.76	0.55	17.94	0.79
MER19-009	**91.44**	**0.00**	**10.67**	**10.67**	**10.67**	**0.35**	**0.35**	**0.36**
	and	51.82	56.39	4.57	2.94	1.23	1.23	1.25
	Include	53.34	54.86	1.52	0.98	2.65	2.65	2.68
	and	76.20	77.72	1.52	0.98	0.40	0.40	0.41
MER19-010	**100.58**	**0.00**	**30.48**	**30.48**	**30.48**	**0.60**	**15.85**	**0.82**
	Include	7.62	12.19	4.57	4.57	1.74	69.00	2.66
	Include	19.81	25.91	6.10	4.31	0.69	6.68	0.78
	and	35.05	47.24	12.19	12.19	0.31	0.31	0.31
MER19-011	**115.82**	**68.58**	**76.20**	**7.62**	**7.32**	**0.52**	**20.04**	**0.79**
	Include	68.58	70.10	1.52	1.46	1.36	24.60	1.69
MER19-012	**152.40**	**0.00**	**1.52**	**1.52**	**1.52**	**0.39**	**0.39**	**0.39**
	and	4.57	6.10	1.52	1.52	0.49	0.49	0.50
MER19-014	**161.54**	**15.24**	**42.67**	**27.43**	**26.33**	**0.69**	**9.32**	**0.81**
	Include	15.24	22.86	7.62	7.32	0.83	11.06	0.97
	Include	25.91	28.96	3.05	2.93	1.27	32.75	1.71
	Include	32.00	38.10	6.10	5.85	0.74	1.20	0.76
	and	47.24	51.82	4.57	4.39	0.37	8.70	0.49
MER19-015	**128.02**	**50.29**	**67.06**	**16.76**	**15.01**	**0.77**	**7.10**	**0.87**
	and	88.39	114.30	25.91	23.20	0.38	24.86	0.72
	Include	106.68	114.30	9.14	8.19	0.92	15.14	1.12
MER19-018	**100.58**	**0.00**	**38.10**	**38.10**	**38.10**	**0.67**	**13.2**	**0.85**
	Include	19.81	27.43	7.62	7.62	1.26	36.28	1.74
MER19-019	**152.4**	**0.00**	**28.96**	**28.96**	**27.94**	**0.77**	**8.92**	**0.89**
	Include	0.00	7.62	7.62	7.35	1.06	9.28	1.18
	Include	12.19	13.72	1.52	1.46	1.703	64.8	2.57
	and	39.62	47.24	7.62	7.35	0.729	14.9	0.93
MER19-020	**100.58**	**0.00**	**21.34**	**21.34**	**21.34**	**1.61**	**21.9**	**1.90**
	Include	4.57	7.62	3.05	3.05	6.99	3.85	7.04
MER19-021	**100.58**	**0.00**	**21.34**	**21.34**	**20.59**	**1.214**	**11.75**	**1.37**
	Include	0.00	7.62	7.62	7.35	6.99	3.85	7.04

Sampling, Analysis and Data Verification

2019 Magna Procedures for Handling, Logging and Preparing Samples

The following is a description of Magna's procedures for handling, logging and preparing its samples for transportation to the Bureau Veritas facilities in Hermosillo for sample preparation and assaying. Every time the samples were transported in a vehicle by personnel of Bureau Veritas at the direction of Magna.

1. The samples collected consisted of rock chips which varied in particle size from ¼" (the thickest fraction) to 10 mesh (the finest fraction). In RC drilling, the sample is driven by pressurized air from the bottom of the hole as the drill bit penetrates the rock through an inner tube and upon reaching the surface it is discharged through a hose to a cyclone placed on the side of the rig. In the cyclone the pressure to which the sample has been subjected to in order to travel to the surface is reduced gradually and it is finally discharged to a stainless-steel container if the sample is dry or to a rotary splitter if the sample is accompanied by water. During Magna's drilling campaign all the samples obtained were dry.

2. The entire sample interval collected in the containers is passed through the riffle splitter twice before the final sample. Sampling was conducted at 5 feet or 1.524 metre length intervals, thus the use of a 5-inch diameter drill bit would infer that the weight of each sample, in the best case (100% recovery), would be approximately 48 kilos. In the first pass split, two fractions of 23 to 25 kg each are obtained; one of which is retained with the remaining one rejected. The 23 to 25 kg sample which was retained is then subjected to a second split to obtain two samples of 10 to 12 kg (an original and a witness sample). The geologists on site, at their discretion, decide to sometimes retain both samples obtained from the first pass depending upon certain geological and alteration features observed in logging the chips. Prior to the second pass, the site geologist or one of his assistants (under supervision) will have previously marked the drill hole number and sample number on the plastic sample bags and inserted a sample tag in the sample bag which will be used for the original sample. Both bags will be closed and sealed at the drill site with plastic tie wraps and transported to the camp facilities where the original sample will wait for transportation to the laboratory, while the witness sample will be placed into storage.

3. The cyclone and splitters were cleaned off between samples using compressed air.

4. The recoveries were estimated by weighing the recovered sample on site and noting the corresponding data in the drill hole records.

5. The 10 to 12 kg RC samples for each drill interval are bagged individually in biodegradable bags, and then four or more of the individual samples are bagged together into rice bags which are stacked at the drill site for pickup by Bureau Veritas once the drill hole is completed.

Sample Security

The following is a description of the steps undertaken to ensure the security of the samples taken during Magna's exploration and drilling programs.

1. Bureau Veritas was notified that sample pickup was required once one or more drill holes were completely sampled and enough samples were available to fill its sample truck.

2. The original RC drilling samples were collected directly from the drilling site for transportation to the Bureau Veritas facilities in Hermosillo by its own personnel and truck. A review and sign-off on site of the received samples was conducted by Bureau Veritas, according to the numbering in the corresponding work order for each batch of samples. The laboratory took custody of the samples and drove them to its Hermosillo sample preparation and gold assay facilities. The Hermosillo laboratory ships a pulp of each sample to its Vancouver laboratory for the ICP assaying.

3. The Bureau Veritas laboratory informed Magna each time that it received a batch of samples. This information indicated the certificate number assigned to the batch, the interval numbering and the analytical codes required for assays and preparation. (PRP70-250 for preparation, FA450 for gold assay and AQ300 for ICP trace analysis for 30 elements).

4. Witness, rejects and other samples were transported to the storage in the city of Yécora every time it was necessary. In addition, the chip trays were transported to the storage area where they were described in detail.

5. The laboratory e-mailed the preliminary and final assay results to Magna in csv and PDF formats. Upon receipt by Magna, the assay results were compiled in the GV Server Database, the original assay certificates were filed and archived in a computer belonging to Magna, with backup existing in the exploration laptops.

Assaying and Analytical Procedures

All assaying was conducted by Bureau Veritas laboratories which are independent ISO-Certified Laboratories. The sample preparation and assaying procedures at the laboratories are as follows:

- Preparation Code PRP70-250: Crush to 70% passing 10 mesh, then riffle split and pulverize 85% to passing -200 mesh. Sample size is 250 g.
- 50 g fire assay for gold: Code FA450 by Pb collection with AAS finish.
- Trace analysis, aqua regia digest ICP-ES finish 0.5 g – 33 elements.

Geological Logging

Geological logging was completed with logging tablets and GV Mapper software, using pre-established codes. Logging included lithology (main type and subtypes), alteration (alteration type, intensity, associated minerals), mineralization (type, intensity, texture, mineral types) and structure. These were recorded as coded numerical entries, as brief written descriptions and in a graphic log format. Assay intervals (from, to, sample number, assay results for gold and silver and any other significant elements) were included in the logs.

Quality Assurance and Quality Control

Blanks, duplicates and standard samples were inserted into the drill sample stream as part of the QA/QC program. Additionally, a further 10% additional were sent for check assay with a different laboratory in order to check the results from the initial assay.

Blank Samples

The samples used as blanks in the 2019 drill program on the La Lamosa Ridge were natural materials used in the construction industry as aggregates, purchased from a local supplier in Hermosillo. The material used was a silica sand for the fine blank and a material called tezontle (volcanic slag) for the coarse blank, without any support that proves that such materials do not contain measurable amounts of gold or other minerals.

The data obtained from the blank material comprise a total of 100 assays for gold via fire assay and trace analysis with aqua regia digestion and ICP-ES finish 0.5 g – 33 elements. Of the total blank samples assayed, 49 samples were fine blanks and 51 samples coarse blanks.

Duplicate Samples

Duplicate samples were taken during the drill program. A total of 94 samples were inserted in the stream sampling in two groups, field duplicates and laboratory duplicates.

The field duplicate samples were taken after the initial drill sample (approximately 40 to 45 kg) had been split at the drill site to obtain two 20 to 23 kg samples. All drill samples were then dried. Once the sample was dry, the sample was split again to obtain a duplicate weighing 10 to 11 kg.

The duplicate samples were numbered by assigning consecutive numbers in the sequence so that the laboratory did not know it was receiving a duplicate sample. All field duplicates were submitted in the same shipment as their matching original samples, but not necessarily placed in the same furnace load as the matching original sample.

For the laboratory duplicates, a bag sample containing the corresponding label was inserted after the initial drill sample, which Magna identified as a duplicate. In the work order, it was specified that the homogenization

of the sample was to be conducted and then the sample was to be split to obtain two samples, each of which was to be assayed.

Standard Reference Samples

The database of the 2019 La Lamosa Ridge drilling contains 56 assays that were run on standard reference samples. Three standard reference samples were used to monitor the accuracy of the laboratory analysis. These were purchased from a supplier in Hermosillo, Sonora, who is a representative of Ore Research & Exploration P/L (OREAS) of Australia.

Check Assaying

A total of 57 samples were chosen from the RC drilling and sent to a second laboratory in order to check the assays against those obtained from Bureau Veritas. The laboratory chosen to conduct the check assaying was ALS Global (ALS) in Hermosillo. ALS conducted a granulometric quality control of the pulps that were prepared by Bureau Veritas, prior to sending then to the ALS laboratory in Vancouver, Canada. The samples were comprised primarily of mineralized material, with some samples taken from the alteration halo surrounding the main mineral zone. The ALS laboratory is an independent laboratory which has ISO/IEC 17025:2005 accreditation.

Data Verification

The current site visit to the Mercedes Project was completed on January 14, 2021, with a further visit to Magna's warehouse in Hermosillo on January 15, 2021, by Rodrigo Calles-Montijo, CPG. Mr. Calles-Montijo is an independent consultant and Certified Professional Geologist, as well as a member of the American Institute of Professional Geologists. Mr. Calles-Montijo is based in Hermosillo, México. Mr. Calles Montijo was requested by William J. Lewis of Micon to complete the site visit, as required by NI 43-101 and which was unable to be executed by Micon due to the travel limitations created by the COVID-19 pandemic. Objectives of the site visit were previously discussed between William J. Lewis and Rodrigo Calles-Montijo. Mr. Calles-Montijo visited the different areas at the property, with emphasis on verifying the different exploration/evaluation work completed to date. During the site visit, Mr. Calles-Montijo was accompanied by Miguel Angel Soto, Vice-President of Exploration of Magna.

During the site visit, the location of 13 (out of 21) of the RC holes drilled in 2019 were inspected. The drilled sites are properly identified in the field, with a cement monument containing a 4" PVC pipe marking the hole entrance. The Hole ID is engraved in the cement monument, along with data regarding the azimuth, inclination and total depth of each hole. The collar of hole MER19-015 was not located in the field, since it appears that the cement monument and PVC pipe were destroyed by a rockslide along the road.

Coordinates of the inspected collars were surveyed during the site visit and compared with coordinates provided in the collar table. Differences are in the range of tolerance for a handheld GPS (<5 metres). One significant difference in the location was detected at hole MER19-020, where coordinates measured in the field show a difference of 10 metres compared with coordinates in the collar table. Hole MER19-008 has a slight difference in the total depth engraved in the cement monument, compared with depth in the collars table (difference of 0.19 metres).

Magna conducted intensive surface sampling along the main access roads on the property. Rock-chip samples 2 metres in length were extracted from the open faces of the access roads. Samples are still properly identified in the field, with the presence of aluminum tag, with the sample ID, and small flagging tape. During the site visit, three chip samples were collected along representative outcrops, in areas previously sampled. Chip sample MER03 was collected in the area opened to extract material for the bottle roll metallurgical testwork completed in 2019.

On January 15, 2021, Mr. Calles-Montijo visited the warehouse facilities of Magna, located in Hermosillo, Sonora. These facilities are currently used by Magna to store the sample pulps from previous drill campaign, as well as RC-chip trays. RC-sample rejects are currently stored at Magna facilities located in the town of Yécora, Sonora, located at a driving distance of 30 kilometres. Due to the time constraints, these facilities were not visited.

During the visit to the warehouse facilities in Hermosillo, Mr. Calles-Montijo selected 10 pulp samples from diverse drill holes. Samples were re-packed and personally delivered to the laboratory facilities of SGS in the city of Hermosillo, Sonora.

Pulps and surface rock samples were in the permanent custody of Mr. Calles-Montijo, packed and relabeled and personally delivered to the SGS facilities in Hermosillo. The SGS laboratory is an independent laboratory which has ISO 9001:2015 certification. The selected suite of analyses was chosen to be consistent with the suite used by Magna for the drill hole samples.

The assay results included in the Sample Assay Excel spreadsheet were reviewed, comparing the entered results with the values reported on the assay certificates. All of the Au values included in the Excel table were reviewed, and about 18% of the values entered for Ag, Cu, Pb and Zn. No differences were detected between the values entered in the Sample Assay table and values reported on the laboratory assay certificate.

Drill hole data were reviewed using the QA/QC functionability of Target (Geosoft®) for ArcGIS®. The QA/QC report generated for this application reported several issues, apparently related to the rounding of the entered intervals. The issues detected should not have a significant impact on the mineral resources reported in the Mercedes Technical Report.

Mineral Processing and Metallurgical Testing

Magna Metallurgical Testwork

Magna has completed standard cyanide leaching testwork, using mineralized samples, at independent metallurgical laboratories. This work includes bottle roll leach tests at Bureau Veritas Minerals ("**BVM**") Metallurgical Division, Vancouver, in 2019 and column leach tests at Laboratorio Tecnologico de Metalurgia S.A. de C.V. ("**LTM**") located in Hermosillo, Sonora, in 2020.

BVM is part of Bureau Veritas which operates a network of independent laboratories. Its website states "increasingly, our laboratories are certified to ISO 17025". LTM is an independent laboratory which holds a certificate of accreditation for ISO/IEC 17025:2017.

Bottle Roll Leach Tests

In 2019, BVM completed a preliminary bottle roll testing program on seven samples selected by Magna to investigate the samples' amenability to gold recovery using the cyanide leaching process. Composite Minec4279 is a surface sample of oxidized mineralization collected from the La Lamosa Ridge, while the other composite samples are assay rejects selected from the 2019 reverse circulation drilling campaign. Composites 1 and 1A represented oxide mineralization, Composites 2 and 2A represented transition mineralization and Composites 3 and 3A represented sulphide mineralization.

The seven samples had been crushed to minus 6 mesh (3.36 millimetres) at the BVM laboratory in Hermosillo. They were then ground to a target size of 80% passing (P_{80}) 75 microns and leached for 96 hours with a NaCN concentration maintained at 1.00 g/L and a pH of 10.5 to 11.0.

The gold leach amenability of the samples was variable. Composite Minec4279 gave a gold recovery of about 96%, Composites 1 and 1A (oxide) about 81%, Composites 2 and 2A (transition), which were low grade samples probably below economic cut-off and therefore mineralized waste, gave a gold recovery of around 76% and Composites 3 and 3A (sulphide) had a gold recovery of less than 20%. These results suggest that the sulphide mineralization at the property is potentially refractory.

BVM also completed a series of bottle roll tests using four of the composite samples crushed to minus 10 mesh (2 millimetres). These tests used the same procedure as for the fine grind. The coarser bottle roll leach test gold recoveries were typically lower than the comparable fine grind tests.

For all the bottle roll leach tests gold was analyzed using standard fire assay procedures and reagent concentrations were determined using standard titration methods.

No multi element analyses were undertaken on the mineralized samples and, therefore, the potential for deleterious elements or minerals cannot be assessed.

Column Leach Tests

In 2020, Magna provided LTM approximately 200 kg of sample for a standard open cycle column leach test. The sample was collected from a 2 metre deep trench cut into the top of the La Lamosa Ridge and was described as breccia, comprising fragments of monzonite, quartz veinlets and abundant iron oxides occurring in fractures and vugs. The bulk sample had an estimated particle size of approximately P_{80} of 3.5 inches (890 millimetres).

The total uncrushed sample used for the test weighed 152 kg and was loaded into an 8-inch (200 millimetre) diameter column. The column sample height was 4.4 metres, and the test protocol included an irrigation flow rate of 0.0037 gal/min/ft^2 (~9 L/h/m^2), leach time of 50 days, washing of five days and draining of five days, NaCN concentration of 0.375 g/L and pH controlled at >10.0 with lime. The results from the column leach test suggest that the mineralized sample used for the testwork is amenable to heap leaching technology to extract gold.

Conclusions

The preliminary test results suggest that the oxidized and potentially transition portion of the mineral resources are amenable to atmospheric cyanide leaching to recover gold. However, the recoveries from the preliminary bottle roll tests indicate that sulphide material from the property does exhibit refractory traits with regard to the recovery of gold and silver.

Mineral Resource Estimate

General Description

The Mercedes Project mineral resources have been estimated using a single broad envelope wireframe provided to Micon by Magna. Micon reviewed this broad envelope wireframe and updated it, with changes discussed with and approved by Magna personnel. The mineralized zone called La Lamosa Ridge contains medium-grade, shallow mineralization, composed predominantly of a distinct oxidized rock, which is the main target for Magna. The mineral resources for the Mercedes Project have been estimated assuming an open pit mining scenario.

Supporting Data

The Mercedes Project database provided to Micon comprises 21 drill holes, with a total of 2,723 metres of drilling and containing 1,787 samples. eThis database was the starting point from which the broad mineralized

envelope was developed. None of the historical drilling was used either in the modelling of the mineralization or for the mineral resource estimate itself.

For the purpose of mineral resource estimation, Micon used only the data contained within the wireframes. The effective number of drill holes and samples used were 20 holes and 627 metres of core. Most of the holes used were drilled from the hillside in a northwest direction, intersecting the entire mineralized zone. No trench samples or any other type of sampling were used in the resource estimate.

Three-Dimensional Modelling

Magna provided Micon with an initial wireframe for La Lamosa Ridge mineralization. This was done using a non-implicit modelling method. Micon and Magna held a number of sessions in order to discuss modifications to the original wireframe and finalize it.

Data Processing

The Mercedes Project's selected intercepts were composited into 3.0 metre equal length intervals inside the wireframe. The composite length was selected based on the most common original sample length and the pre-determined block size.

All outlier assay values for gold and silver within the wireframe were evaluated using log probability plots and histograms. This resulted in gold being capped at 3 g/t and silver at 100 g/t.

Mineral Deposit Variography

Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the La Lamosa Ridge deposit, the analysis was conducted within the mineralized envelope, using down-the-hole variograms and 3D variographic analysis to define the directions of maximum grade continuity and the best parameters to interpolate the grades of the deposit.

Variography must be performed on regular coherent shapes with geological continuity support. First, down-the-hole variograms were constructed for gold and silver, to establish the nugget effect to be used to model the 3D variograms.

For both gold and silver, good variogram models were achieved which were sufficient to support the use of the Ordinary Kriging interpolation method. Major variogram ranges were 40 metres for gold and 60 metres for silver. The variography results were used to support the search ranges and anisotropy directions.

Silver was analyzed within the gold envelope and no separate silver envelope was created for the La Lamosa Ridge deposit. This is because silver will be a bi-product metal that will be recovered as a result of gold processing in any potential future operation.

The La Lamosa deposit presents variable strikes and dips, since parallel veins with well-defined geometry are grouped together. Geological interpretation and the drill hole grades generally support this and provide sufficient confidence in continuity of the mineralized zones along strike and down dip. The general deposit bearing and dip for La Lamosa Ridge are 133º dip direction and -57º dip.

Mineral Resource Estimation

The primary commodity of economic interest at the Mercedes Project is gold. The estimation of the La Lamosa Ridge deposit tonnage and grade was performed using Leapfrog Geo/EDGE software.

Prospects for Economic Extraction

The CIM standards require that a mineral resource must have reasonable prospects for eventual economic extraction.

The mineral resource has been constrained by reasonable mining shapes using economic assumptions for an open pit mining scenario. The potential mining shapes are based on a single cut-off value of 0.17 g/t Au.

The gold price and operating costs were suggested by Magna and approved by Micon. In the opinion of the authors of the Mercedes Technical Report, the economic parameters are reasonable, but they were not developed from first principles specifically for the Mercedes Project site and are considered conceptual in nature.

The table below summarizes the open pit economic assumptions upon which the resource estimate for the Mercedes Project is based.

Summary of Economic Assumptions for the Conceptual Open Pit Mining Scenario

Description	Units	Value Used
Gold Price	US$/oz	1,400
Mining Cost	US$/t	1.76
Processing Cost	US$/t	4.00
General & Administration	US$/t	0.47
Gold Oxide Recovery (metallurgical)	%	80.00
Gold Mixed Recovery (assumed)	%	50.00
Slope Angle Overburden	Degrees (º)	50

The open pit mining parameters noted in the table above suggest a breakeven cut-off grade of 0.17 g/t gold for the oxide material and 0.38 g/t for the mixed or transitional material. The oxide material accounts for approximately 92% of the estimated resources with the other 8% of the estimated resources accounted for by the mixed material.

Using the parameters shown in the table above, an open pit optimization was conducted for the La Lamosa Ridge deposit. The breakeven optimized pit shell has a very low 0.09 strip ratio, as both the terrain topography and the fact that mineralization is located on the hillside are favourable conditions.

Classification of the Mineral Resource Estimate

No Measured and Indicated resources are declared at this time. The La Lamosa Ridge deposit was entirely classified as Inferred Resources due to the drill hole spacing and quantity.

Mineral Resource Statement

The Mercedes Project's mineral resource statement is summarized in the table below.

Mercedes Project Inferred Mineral Resource Estimate for the La Lamosa Ridge Deposit

Au Cut-off (g/t)	Rock Type	Tonnage (t)	Average Value		Material Content	
			Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
0.17	Oxidized	1,713,000	0.51	11.92	28,000	657,000
0.38	Mixed	149,000	0.53	17.78	3,000	85,000
Total		**1,862,000**	**0.52**	**12.39**	**31,000**	**742,000**

Notes:

(1) Mineral Resource Estimates are reported at a cut-off grade of 0.17 g/t Au for the oxidized rock and 0.38 g/t Au for the mixed or transitional rock in an open pit mining scenario. For La Lamosa Ridge the cut-off grade was calculated at a gold price of US$1,400 per ounce, and operational assumptions outlined in the table above.

(2) The resource estimate is supported by statistical analysis with grade capping applied to the deposit at 3.0 g/t Au and 100.0 g/t Ag on raw assays and then composited to 3 metres.

(3) The mineral resources presented here were estimated with a block size of 5 metres x 5 metres x 6 metres. The mineral resources do not use a sub-blocked model. Grades are interpolated by Ordinary Kriging using the appropriate variogram model of each element with individual search ellipsoids in two passes.

(4) The mineral resources presented here were estimated by Micon using the 2014 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definitions and Standards on Mineral Resources and Reserves.

(5) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market or other relevant issues.

(6) The quantity and grade of reported Inferred Resources are uncertain in nature and there has not been sufficient work to define these Inferred Resources as Indicated or Measured Resources.

(7) There are no historical underground voids from mining.

(8) Tonnage estimates are based on a single average density of 2.90 tonnes per cubic metre for the total resource. Resources are presented as undiluted and in situ.

(9) This mineral resource estimate effective date is January 11, 2021. Tonnages and ounces in the tables are rounded to the nearest thousand. Numbers may not total precisely due to rounding.

(10) At the present time, Micon does not believe that the mineral resource estimate is materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

The authors of the Mercedes Technical Report consider that the resource estimate for the Mercedes Project has been reasonably prepared and conforms to the current 2014 CIM standards and definitions for estimating mineral resources.

Exploration, Development and Production

Magna has conducted its initial exploration and drilling programs which were successful in identifying the initial extent of the mineralization at the La Lamosa Ridge deposit and allowing for the estimation of a first-time mineral resource for this deposit. In addition, Magna outlined potential mineralization at another six targets on the property.

In light of its successful first exploration program, Magna plans to conduct further exploration on the Mercedes Project. Magna will spend an estimated US$775,000 during its 2021 exploration phase which will consist of additional drilling and metallurgical testwork to further identify the extent and nature of the mineralization at the La Lamosa Ridge.

Given the historical artisanal production and the limited amount of work conducted previously at the Mercedes Project on the various exploration targets, Micon and the authors of the Mercedes Technical Report believe that further exploration and drilling work is warranted and may assist Magna in upgrading the current resources and outlining further resources.

OTHER MINERAL PROJECTS

All scientific and technical information in this section has been reviewed and approved by James Baughman, P. Geo., whom is considered an independent "Qualified Person" and a consultant to the Company.

San Judas Project

The San Judas Project consists of two contiguous mining claims covering an aggregate area of approximately 2,806 hectares located in the municipality of Trincheras, Sonora, Mexico.

The San Judas Project is located at the southern end of the Caborca Orogenic Gold Belt or Sonora Mojave Mega Shear, a trend known to host several orogenic gold-bearing deposits within an area extending from northwestern Mexico into the southwestern United States measuring more than 600 kilometres long and 60 to 80 kilometres wide. Within the deposits of the Caborca Orogenic Gold Belt are a number of large open pit heap leach gold operations.

The oldest rocks within the property are a package of metamorphic rocks which include banded quartz-feldspathic gneiss and augen gneiss, granite and green schist. All metamorphic rocks exhibit foliation which generally varies in strike direction from between 330° to north and dips to the southwest generally at 45° at Santa Lucia and Cueva de Lion. The strike direction at San Martin is generally north/south with sub vertical dips. Quartz veins generally follow foliation and strike of the metamorphic rocks.

The metamorphic rocks are intruded by a Tertiary igneous package, which includes granite with visible feldspar and quartz, and is porphyritic in texture. It appears that the granite was emplaced along low angle shear zones in the system.

Las Marias Project / Las Cabanas Project

The Las Marias Project consists of seven mineral concessions covering 646 hectares adjacent to the Mercedes Project. The Las Cabanas Project consists of two claims covering 248 hectares located approximately 10 kilometres southwest of the Mercedes Project.

Los Muertos Project

The Los Muertos Project is comprised of two mineral concessions (Los Muertos concession and Los Muertos 1 concession), covering 1,756 hectares, located in the municipality of La Colorada, Sonora, Mexico.

The Los Muertos Project is in the Sonora-Mojave Megashear tectonic zone which runs approximately 700 kilometres northwesterly from Los Muertos to near Palm Springs, California. The Sonora-Mojave Megashear contains numerous silver-gold deposits.

The regional geological drivers of silver-gold mineralization in the southern part of the Megashear are well established. Precambrian basement rocks form an eroded undersurface which is overlain by Ordovician, Permian and Triassic sedimentary rocks. Importantly, the district contains complex hydrothermal signatures related to Cretaceous plutonic activity, later higher-level plutonic events, and finally, the development of a pervasive, mineralized mid-Tertiary vein system.

The La Colorada Gold District, which includes the Los Muertos area, is defined by hundreds of low sulphidation epithermal vein type historic silver-gold deposits and showings which remain largely unexplored. Vein clusters at Los Muertos share a common orientation with the four main zones at the La Colorada mine, between 045° and 090°. Government geological maps indicate that the Los Muertos Project's immediate area is characterized by extreme silicification, hematization and argillic alteration, suggesting the potential for both extensive silver-gold vein systems, and coincident, pervasive disseminated mineralization in the host sedimentary and volcanic rocks.

Cuproros Project

The Cuproros Project consists of three contiguous mining claims covering an aggregate area of approximately 196 hectares located approximately 150 kilometres east from the Sonora State capital, Hermosillo.

Margarita Project

The Margarita Project is comprised of two mineral concessions, covering 125.625 hectares, located within the prolific Sierra Madre Gold Belt, 88 kilometres south of the state capital of Chihuahua in the Municipality of Satevo, State of Chihuahua, Mexico. The property has year-round unrestricted access provided by a good network of Federal-State highways and well maintained dirt and ranch roads. Mineralization at the Margarita Project is hosted in a series of parallel, steeply dipping, northwest-trending epithermal veins, and silicified fault breccias, some of them known for ~1.7 kilometres along strike. The veins show classical banded epithermal quartz textures with an apparent thickness of between one and five metres and the fault breccia zones can reach thickness up to 12 metres. Work at the Margarita Project includes surface sampling and mapping, drilled 5,097 metres in 35 holes. Two mineralization styles have been identified: high-grade discrete fault-filling veins with grades normally >250 g/t AgEq and widths between one and ten metres, showing traditional crustiform and colloform textures; and wider intervals with lower grades (≈40 to 180 g/t AgEq) characterized by stockwork zones, silicified breccias and silicification in rhyolites.

DIVIDENDS

The Company has not declared or paid any dividends on its Common Shares since its incorporation and does not anticipate the payment of dividends on its Common Shares in the foreseeable future. At present, the Company's policy is to retain earnings, if any, to finance the growth of its business. The Board will determine if, as and when dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at the relevant time.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Magna consists of an unlimited number of Common Shares, of which 89,432,813 Common Shares were outstanding as at December 31, 2020 and 89,459,874 Common Shares are outstanding as at the date of this AIF.

Common Shares

The holders of Common Shares are entitled to one vote for each Common Share held at all meetings of shareholders, to receive dividends if, as and when declared by the Board and to receive the remaining property of the Company upon dissolution. The Common Shares do not carry pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a shareholder to contribute additional capital and no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of Common Shares except to the extent that any such repurchase or redemption would render Magna insolvent.

Options

As at the date of this AIF, a total of 4,800,000 Common Shares are reserved for issuance upon the exercise of outstanding stock options to purchase Common Shares ("**Options**") granted under the Company's stock option plan.

Warrants

As at the date of this AIF, a total of 702,099 Common Shares are reserved for issuance upon the exercise of outstanding warrants to purchase Common Shares ("**Warrants**").

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares trade on the TSXV under the symbol "MGR". The following table sets forth the price range and volume of trading of the Common Shares on the TSXV for each month during the nine months ended December 31, 2020.

Month	High ($)	Low ($)	Volume
April 2020[(1)]	-	-	-
May 2020[(1)]	0.83	0.46	938,314
June 2020	1.26	0.65	1,424,864
July 2020	1.60	1.06	1,081,645
August 2020	1.89	1.16	1,132,596
September 2020	1.59	1.19	1,542,008
October 2020	1.35	0.90	1,254,538
November 2020	1.27	0.91	935,998
December 2020	1.13	0.96	1,041,730

Note:

(1) Trading in the Common Shares was halted from the close on March 5, 2020 until the open on May 4, 2020.

The price of the Common Shares on the TSXV at the close on December 31, 2020 was $1.04. The price of the Common Shares on the TSXV at the close on April 20, 2021 was $0.95.

Prior Sales

During the nine months ended December 31, 2020, the Company issued Options under the Company's stock option plan. The Options are not listed or quoted on a marketplace. The following Options were issued during the nine months ended December 31, 2020:

Date of Grant	Exercise Price	Number of Common Shares under Option	Expiry Date
June 29, 2020	$0.98	2,250,000	June 29, 2025
August 12, 2020	$1.53	2,350,000	August 12, 2025

During the nine months ended December 31, 2020, the Company issued Warrants. The Warrants are not listed or quoted on a marketplace. The following Warrants were issued during the nine months ended December 31, 2020:

Date of Issuance	Exercise Price	Number of Common Shares Issuable on Exercise	Expiry Date
May 6, 2020	$0.35	96,185	May 6, 2022
June 1, 2020	$0.41	632,975	June 1, 2022

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets out the number of securities of each class of the Company held, to the Company's knowledge, in escrow or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class for the nine months ended December 31, 2020:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	28,748,032 Common Shares[(1)(2)(3)(4)(5)]	32.14%
Options	90,000 Options[(1)]	1.88%

Notes:

(1) As at December 31, 2020, 2,812,500 Common Shares and 90,000 Options were held in escrow pursuant to the TSXV Form 2F CPC Escrow Agreement dated as of June 29, 2018 (the "**CPC Escrow Agreement**") between the Company, Capital Transfer Agency ULC (the "**Escrow Agent**") and certain securityholders of the Company. The escrowed securities are held and administered by the Escrow Agent pursuant to the terms of the CPC Escrow Agreement. Pursuant to the terms of the CPC Escrow Agreement, 10% of the initial escrowed securities were released on June 6, 2019, and an additional 15% of the initial escrowed securities were, or will be, released on each of December 6, 2019, June 6, 2020, December 6, 2020, June 6, 2021, December 6, 2021 and June 6, 2022. If the Company graduates to Tier 1 of the TSXV, the release of the escrowed securities will be accelerated.

(2) As at December 31, 2020, 320,625 Common Shares were held in escrow pursuant to the TSXV Form 5D Value Security Escrow Agreement dated as of April 22, 2019 (the "**Value Security Escrow Agreement**") between the Company, the Escrow Agent and certain securityholders of the Company. The escrowed securities are held and administered by the Escrow Agent pursuant to the terms of the Value Security Escrow Agreement. Pursuant to the terms of the Value Security Escrow Agreement, 10% of the initial escrowed securities were released on June 6, 2019, and an additional 15% of the initial escrowed securities were, or will be, released on each of December 6, 2019, June 6, 2020, December 6, 2020, June 6, 2021, December 6, 2021 and June 6, 2022.

(3) As at December 31, 2020, 9,740,000 Common Shares were subject to a contractual restriction on transfer pursuant to a lock-up agreement dated May 6, 2020 between the Corporation and Timmins and a resale agreement dated May 6, 2020 between the Corporation and Timmins. The lock-up agreement expires on the earlier of: (a) May 6, 2021; and (b) the date on which Timmins and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares (on an undiluted basis). The resale agreement expires on the date on which Timmins and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares (on an undiluted basis).

(4) As at December 31, 2020, 11,000,000 Common Shares were subject to a contractual restriction on transfer pursuant to a lock-up agreement dated June 30, 2020 between the Corporation and Peal and a resale agreement dated June 30, 2020 between the Corporation and Peal. The lock-up agreement expires on the earlier of: (a) June 30, 2021; and (b) the date on which Peal and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares (on an undiluted basis). The resale agreement expires on the date on which Peal and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares (on an undiluted basis).

(5) As at December 31, 2020, 4,874,907 Common Shares were subject to a contractual restriction on transfer pursuant to resale agreements entered into in connection with the Margarita Acquisition and the Margarita Option Exercise. The resale agreements expire on the date on which the respective party and its affiliates no longer own, directly or indirectly, any of the Common Shares subject to the respective resale agreement.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets out, as at the date of this AIF, the name, province or state and country of residence, position(s) and office(s) held with the Company and principal occupations during the five preceding years of each director and executive officer of the Company, and, if a director, the period or periods during which each director has served as a director of the Company:

Name, Province or State and Country of Residence	Position or Office Held with the Company	Principal Occupation During Five Preceding Years	Date First Became a Director of the Company
Francisco Arturo Bonillas Zepeda *Sonora, Mexico*	President, Chief Executive Officer, Chairman of the Board and Director	President and Chief Executive Officer of the Company (January 2018 – present); President of Alio Gold Inc./Timmins Gold Corp. (June 2006 – May 2017)	January 9, 2018
Colin Sutherland[(2)] *Nova Scotia, Canada*	Chief Financial Officer and Director	Chief Financial Officer of the Company (January 2021 – present); Chief Financial Officer and Director of NQ Minerals Plc (May 2017 – January 2021); President of McEwen Mining Inc. (January 2016 – November 2016); Managing Director of Archipelago Resources PLC (March 2012 – December 2015)	November 23, 2018
Miguel Bonilla[(1)(3)(4)] *Sonora, Mexico*	Chief Operating Officer and Director	Chief Operating Officer (March 2021 – present) and Country Manager (July 2020 – March 2021) of the Company; Country Manager (March 2017 – July 2020) and Vice President Finance (November 2009 – February 2017) of Alio Gold Inc./Timmins Gold Corp.	September 15, 2020
Alexander Peter Tsakumis[(1)(2)] *British Columbia, Canada*	Director	Vice President Investor Relations of Prime Mining Corp. (August 2020 – present); Vice President Corporate Development of Barsele Minerals Inc., Orex Minerals Inc. and Silver Viper Minerals Corp. (June 2017 – July 2020); Vice President Corporate Development of Dolly Varden Silver Corp. (June 2017 – February 2020); Vice President Corporate Development of Alio Gold Inc./Timmins Gold Corp. (November 2009 – April 2017)	January 9, 2018
Laura Cristina Diaz Nieves[(2)(3)(4)] *Mexico City, Mexico*	Director	Partner of the Law Firm DBR Abogados S.C. (January 1995 – 2018; June 2020 – present); Director of the Company (January 2018 – November 2018; September 2020 – present); General Director of Mines, Ministry of the Economy (December 2018 – June 2019); Director of Goldplay Exploration Ltd. (March 2018 – November 2018)	January 9, 2018 / September 15, 2020
Parviz Farsangi[(1)(3)(4)] *Ontario, Canada*	Director	President of PF Mining & Metals Consulting (September 2009 – present)	September 15, 2020
Miguel Angel Soto Bedolla *Sonora, Mexico*	Vice President Exploration	Vice President Exploration of the Company (October 2018 – present); Vice President Exploration (September 2012 – February 2018), Director (September 2005 – July 2014) and Chief Operating Officer (September 2005 – September 2012) of Alio Gold Inc./Timmins Gold Corp.	N/A
Gregory Barbier *British Columbia, Canada*	Vice President Finance	Vice President Finance of the Company (August 2020 – present); Manager, Financial Planning & Analysis (February 2019 – July 2020) and Budget Manager (February 2013 – February 2019) of Alio Gold Inc./Timmins Gold Corp.	N/A
Leslie Kapusianyk *British Columbia, Canada*	General Counsel and Corporate Secretary	Barrister and solicitor; General Counsel and Corporate Secretary of the Company (December 2020 – present); General Counsel and Corporate Secretary of Alio Gold Inc./Timmins Gold Corp. (May 2012 – June 2017; June 2019 – July 2020)	N/A

Name, Province or State and Country of Residence	Position or Office Held with the Company	Principal Occupation During Five Preceding Years	Date First Became a Director of the Company
Raul Edmundo Elizalde Avalos *Sonora, Mexico*	Production Manager	Production Manager (July 2020 – present) and Project Evaluations Engineer (July 2018 – June 2020) of the Company	N/A

Notes:

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance, Compensation and Nominating Committee.
(3) Member of the Health, Environmental, Safety and Sustainability Committee.
(4) Member of the Technical Committee.

Each director holds office until the next annual meeting of shareholders following his or her election unless his or her office is earlier vacated in accordance with the by-laws of the Company.

As at the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, controlled or directed, directly or indirectly, an aggregate of 6,996,214 Common Shares, representing approximately 7.82% of the outstanding Common Shares, one Class I share of Minera Magna, representing approximately 0.00001% of the outstanding Class I shares of Minera Magna and one Class I share of Molimentales, representing approximately 0.00002% of the outstanding Class I shares of Molimentales.

Cease Trade Orders

To the Company's knowledge, except as otherwise noted herein, no director or executive officer of the Company is, as at the date of this AIF, or was within the ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

To the Company's knowledge, except as otherwise noted herein, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company's knowledge, except as otherwise noted herein, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Some of the directors and executive officers of the Company are or may act as directors and/or executive officers of other resource companies from time to time. Any decisions made by a director or executive officer of the Company in such circumstances are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, each of the directors of the Company discloses and abstains from voting on any matter in which such director may have a conflict of interest.

Other than as discussed above or disclosed elsewhere in this AIF, the Company is not aware of any existing or potential material conflicts of interest between the Company or a subsidiary of the Company and any director or officer of the Company or of a subsidiary of the Company.

AUDIT COMMITTEE DISCLOSURE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

Audit Committee Charter

The text of the Audit Committee Charter is attached as Schedule "A" to this AIF.

Composition, Education and Experience

The current members of the Audit Committee are Miguel Bonilla (Chair), Parviz Farsangi and Alexander Tsakumis. Parviz Farsangi and Alexander Tsakumis are independent of the Company for the purposes of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**"). Miguel Bonilla is not independent of the Company for the purposes of NI 52-110 as Mr. Bonilla is the Chief Operating Officer of the Company. All of the members of the Audit Committee are considered financially literate for the purposes of NI 52-110 – *Audit Committees*.

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;

2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

4. an understanding of internal controls and procedures for financial reporting.

Miguel Bonilla

Miguel Bonilla is a Public Accountant and holds a professional degree in accounting from the Universidad de Sonora in Mexico. Mr. Bonilla has extensive experience in the mining industry and financial sector where he has been in key positions for more than 20 years. During this time, he was an officer of Alio for more than 15 years where he held the positions of Controller, VP Finance and Country Manager. At Alio, Mr. Bonilla focused on operations, regulatory and legal activities, especially in permitting and land negotiations including negotiating with private owners and "Ejidos", union management, corporate social responsibility relations, government relations, audit, control implementation and gold trading. He was instrumental in completing all permits and land agreements for the San Francisco mine and Alio's Ana Paula Project. Mr. Bonilla led Alio's social responsibility team which won Mexico's environmental and social risk award recognizing commitment to social responsibility for eight consecutive years for the San Francisco mine and three consecutive years at Alio's Ana Paula Project. Prior to his appointment at Alio, Mr. Bonilla was an audit manager and independent consultant in the Sonora, Mexico office of international accounting firm, Moore Stephens. Mr. Bonilla is currently the Treasurer of the mining company associations known as Mining Clusters in both the states of Sonora and Guerrero, Mexico.

Parviz Farsangi

Parviz Farsangi holds a B.Eng. in Mining Engineering from Laurentian University, a M.Eng. in Rock Mechanics, a Ph.D. in Mining Engineering from McGill University, and an Executive MBA from Queen's University. He is currently the President of PF Mining and Metals Inc. Prior to that, he held the positions of President, Chief Executive Officer and Director of Scorpio Mining Corporation from 2010 to 2012. Mr. Farsangi served as Executive Vice President and Chief Operating Officer of Vale Inco from 2007 to 2009 and was with Falconbridge Limited from 1987 to 2007 in roles that included General Manager, Sudbury Mines/Mill Business Unit and President of Gramercy Alumina and St. Ann Bauxite. Mr. Farsangi has served on a number of mining association boards and is currently also a director of several TSX listed companies.

Alexander Tsakumis

Alexander Tsakumis has 25 years of investment experience with private and public companies. Mr. Tsakumis is currently the Vice President Investor Relations of Prime Mining Corp. Prior to his current position, Mr. Tsakumis was the Vice President Corporate Development of Dolly Varden Silver Corp., Silver Viper Minerals, Orex Minerals and Barsele Minerals for three years and the Vice President of Corporate Development of Alio Gold Inc. for nine years, where he played a pivotal role in the development of the corporation from a junior exploration company to a production company. He has also acted as Director and Vice President of Corporate

Development for various publicly traded companies, one of which has its securities traded on the New York Stock Exchange, for over 10 years. He is a graduate of the University of British Columbia with a Bachelor's degree in Economics.

External Auditor Disclosure

Audit Committee Oversight

At no time since the commencement of the nine months ended December 31, 2020 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the nine months ended December 31, 2020 has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*), 6.1.1(6) (*Death, Incapacity or Resignation*), or an exemption from the application of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditor for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company must consult with the Chair of the Audit Committee, who has the authority to approve or disapprove, on behalf of the Audit Committee, such non-audit services. All other non-audit services must be approved or disapproved by the Audit Committee as a whole. The Chief Financial Officer of the Company is required to maintain a record of non-audit services approved by the Chair of the Audit Committee or the Audit Committee for each fiscal year and provide a report to the Audit Committee no less frequently than on a quarterly basis. Pursuant to the Audit Committee Charter, the Company's external auditor is prohibited from performing for the Company certain categories of non-audit services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the external auditor of the Company in each of the last two fiscal years of the Company are as follows:

Year Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees($)[3]	All Other Fees($)[4]
December 31, 2020	$242,967	-	-	$5,022
March 31, 2020	$20,000	-	$2,500	$913

Notes:

(1) Represents aggregate fees billed by the Company's external auditor for audit fees.
(2) Represents aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees".
(3) Represents aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
(4) Represents aggregate fees billed for products and services provided by the Company's external auditor, other than the services reported under "Audit Fees", "Audit Related Fees" and "Tax Fees".

Exemption

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110 by virtue of it being a venture issuer.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Other than in connection with the Peal Settlement Agreement, the Company is not, and during the nine months ended December 31, 2020 was not, a party to, and none of the Company's property is, or during the nine months ended December 31, 2020 was, the subject of, any material legal proceedings. As of the date of this AIF, the Company does not have knowledge of any such legal proceedings being contemplated. See "*General Development of the Business – Three Year History – Peal Settlement*".

Regulatory Actions

As of the date of this AIF, there were no:

- penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the nine months ended December 31, 2020;
- other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or
- settlement agreements the Company has entered into before a court relating to securities legislation or with a securities regulatory authority during the nine months ended December 31, 2020.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth elsewhere in this AIF, no director or executive officer of the Company, no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities and no associate or affiliate of any of the foregoing persons or companies, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Capital Transfer Agency ULC, Suite 920, 390 Bay Street, Toronto, Ontario, M5H 2Y2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following material contracts of the Company were entered into since the beginning of the last financial year of the Company or before the last financial year of the Company but are still in effect:

- the CPC Escrow Agreement (see "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*");
- the Value Security Escrow Agreement (see "*Escrowed Securities and Securities Subject to Contractual Restriction on Transfer*");
- the QT Agreement (see "*General Development of the Business – Three Year History – Qualifying Transaction*");

- the Molimentales Share Purchase Agreement (see "*General Development of the Business – Three Year History – San Francisco Project Acquisition*"); and

- the Peal Settlement Agreement (see "*General Development of the Business – Three Year History – Peal Settlement*").

INTERESTS OF EXPERTS

Baker Tilly WM LLP, Chartered Professional Accountants, are the auditors of the Company and have performed the audit in respect of the annual financial statements of the Company for the nine months ended December 31, 2020. Baker Tilly WM LLP is independent of the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu Limited, the auditors of Molimentales, performed the audit and issued an independent auditor's report dated July 20, 2020 in respect of the audited annual financial statements of Molimentales as at and for the year ended December 31, 2019 included in the Business Acquisition Report. Galaz, Yamazaki, Ruiz Urquiza, S.C., a member of Deloitte Touche Tohmatsu Limited, is independent of Molimentales in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and with the Ethics Code issued by the Mexican Institute of Public Accountants.

The following persons are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made by the Company under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators during, or relating to, the nine months ended December 31, 2020, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person:

- William J. Lewis, P.Geo., Micon International Limited;

- Richard M. Gowans, P.Eng., Micon International Limited;

- Nigel Fung, B.Sc.H., B.Eng., P.Eng., Micon International Limited;

- Christopher Jacobs, CEng, MIMMM, Micon International Limited;

- Ing. Alan San Martin, MAusIMM(CP), Micon International Limited; and

- Rodrigo Calles-Montijo, CPG, Servicios Geológicos IMEx, S.C.

To the knowledge of the Company, each person referenced above holds less than one per cent of any outstanding securities of the Company, or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of the Company for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's financial statements and management's discussion and analysis for the nine months ended December 31, 2020.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Magna Gold Corp. ("**Magna**" or the "**Corporation**").

1. MANDATE

1.1 The Committee shall:

(a) assist the Board in its oversight role with respect to the quality and integrity of the financial information;

(b) assess the effectiveness of the Corporation's risk management and compliance practices;

(c) assess the independent auditor's performance, qualifications and independence;

(d) assess the performance of the Corporation's internal audit function;

(e) ensure the Corporation's compliance with legal and regulatory requirements; and

(f) prepare such reports of the Committee required to be included in any Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

2. COMPOSITION AND MEMBERSHIP

2.1 The Committee shall be composed of not less than three members, each of whom shall be a director of the Corporation. If there are more than three directors of the Corporation, a majority of the members of the Committee shall not be an officer or employee of the Corporation. A majority of the members shall satisfy the applicable independence requirements, and all members shall satisfy the experience requirements, of the laws governing the Corporation, the applicable stock exchanges on which the Corporation's securities are listed and applicable securities regulatory authorities.

2.2 Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

2.3 Members of the Committee shall be appointed or reappointed at the annual meeting of the Corporation and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

2.4 The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Corporation a Chairman among their number. The Chairman shall not be a former executive Officer of the Corporation. Such Chairman shall serve as a liaison between members and senior management ("**Management**").

2.5 The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

(a) a quorum for meetings shall be at least three members;

(b) the Committee shall meet at least quarterly;

(c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least twenty-four (24) hours in advance of such meeting;

(d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

2.6 The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

3. DUTIES AND RESPONSIBILITIES

3.1 Oversight of the Independent Auditor

(a) Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

(b) Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

(c) Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

(d) Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Corporation.

(e) Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.

(f) Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

(g) Review, as necessary, policies for the Corporation's hiring of partners, employees or former partners and employees of the independent auditor.

3.2 Financial Reporting

(a) Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.

(b) Review and discuss with Management the Corporation's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Corporation's Annual Report, as required by applicable legislation.

(c) Review and discuss, with Management and the independent auditor, Management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on Management's assessment.

(d) Review and discuss with Management the Corporation's quarterly financial statements prior to the publication of earnings.

(e) Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies.

(f) Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

(g) Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Corporation.

(h) Review and discuss with Management and the independent auditor at least annually any significant changes to the Corporation's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.

(i) Discuss with Management the Corporation's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.

(j) Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.

(k) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.

(l) Review disclosures made by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Corporation's internal controls.

(m) Discuss with the Corporation's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Corporation or any of its subsidiaries from regulators or governmental agencies.

3.3 Oversight of Risk Management

(a) Review and approve periodically Management's risk philosophy and risk management policies.

(b) Review with Management at least annually reports demonstrating compliance with risk management policies.

(c) Review with Management the quality and competence of Management appointed to administer risk management policies.

(d) Review reports from the independent auditor at least annually relating to the adequacy of the Corporation's risk management practices together with Management's responses.

(e) Discuss with Management at least annually the Corporation's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

3.4 Oversight of Regulatory Compliance

(a) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(b) Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting.

(c) Meet with the Corporation's regulators, according to applicable law.

(d) Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board of Directors.

4. FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

4.1 The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain and, at Magna's expense, to set and pay the compensation for such other independent counsel and other advisors as it may from time to time deem necessary or advisable for its purposes. The Committee also has the authority to communicate directly with internal and external auditors.

5. PROCEDURES FOR RECEIPT OF COMPLAINTS AND SUBMISSIONS RELATING TO ACCOUNTING MATTERS

5.1 The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "**Complaints Officer**") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.

5.2 The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.

5.3 The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.

5.4 Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.

5.5 The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

6. PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

6.1 The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:

(a) bookkeeping or other services related to the Corporation's accounting records or financial statements;

(b) financial information systems design and implementation;

(c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;

(d) actuarial services;

(e) internal audit outsourcing services;

(f) management functions;

(g) human resources;

(h) broker or dealer, investment adviser or investment banking services;

(i) legal services;

(j) expert services unrelated to the audit; and

(k) any other service that the Canadian Public Accountability Board determines is impermissible.

6.2 In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

6.3 The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

7. REPORTING

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

8. ACCESS TO INFORMATION AND AUTHORITY

The Committee will be granted unrestricted access to all information regarding Magna that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by members of the Committee.

9. REVIEW OF CHARTER

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated:	November 24, 2019
Approved by:	Audit Committee
	Board of Directors