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MAGNA GOLD CORP.

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

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1.0 SUMMARY

1.1 GENERAL

At the request of Magna Gold Corp. (TSXV: MGR, OTCQB: MGLQF) (MGR or Magna), Micon International Limited (Micon) has been retained to prepare an independent Technical Report for the Mercedes Gold Project (Mercedes Project or the Project) in the state of Sonora, Mexico. The purpose of this Technical Report is to support disclosure of a first-time mineral resource estimate for the La Lamosa Ridge deposit at the Mercedes Project. This is Micon's first Technical Report for the Mercedes Project.

Micon and the Qualified Persons (QPs) for this report do not have nor have previously had any material interest in Magna or related entities. The relationship with Magna or related entities is and has been solely a professional association between the client and the independent consultant. This Technical Report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

This report includes technical information which requires subsequent calculations or estimates to derive sub-totals, totals and weighted averages. Such calculations or estimations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, neither Micon nor the QPs consider them to be material.

This report is intended to be used by Magna, subject to the terms and conditions of its agreement with Micon. That agreement permits Magna to file this report as a Technical Report with the Canadian Securities Administrators pursuant to provincial securities legislation or with the SEC in the United States. Except for the purposes legislated under provincial securities laws, any other use of this report, by any third party, is at that party's sole risk.

The conclusions and recommendations in this report reflect the authors' best independent judgment in light of the information available to them at the time of writing. The authors and Micon reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

1.2 PROPERTY DESCRIPTION, LOCATION AND OWNERSHIP

The Mercedes Property is located in the Municipality of Yécora, in the State of Sonora, Mexico. The property is approximately 250 kilometres (km) southeast along federal Highway 16 from Hermosillo, 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 (m) from the highway turnoff.

The project is within the Santa Rosa de Yécora District, which is known for its gold, silver, copper, lead, zinc, molybdenum and tungsten endowment. Geographically, the Mercedes

Property is located d within UTM Zone 12 and is centred at: Latitude 28º 24' 25" N, Longitude: 109º 05' 06" W or NAD27, MexZ12 3,143,000N and NAD27, MexZ12, 687,000E.

Magna, through its subsidiary Minera Magna, SA de CV. (Minera Magna), has optioned two contiguous mineral concessions and through its second subsidiary LM Mining Corp SA de CV. (LM Mining), has acquired 100% ownership of seven contiguous mineral concessions. The nine mineral concessions total 974.57 hectares (ha) and comprise the Mercedes Project.

1.3 ACCESSIBILITY, CLIMATE, PHYSIOGRAPHY, LOCAL RESOURCES AND INFRASTRUCTURE

The Mercedes Property is accessible from the state capital of Hermosillo by paved Federal Highway 16. The Property is a 3.5-hour drive from Hermosillo, with the town of Yécora approximately 25 minutes further to the east. The central portion of the property is located near the 250 km post. The La Lamosa Ridge is located 500 m east of the highway turnoff and is accessed by a gated ranch access trail directly from the highway.

Highway 16 passes through the western portion of the claims as it climbs eastward toward Yécora. Numerous access trails exist, and all main showings may be reached by way of these. Refurbishment of some secondary tracks will be necessary to make them passable for vehicular traffic. Access to the Property is in places steep and requires a 4-wheel drive vehicle.

Infrastructure and support services such as electricity, mail and phone services are available in Yécora. An electrical line (C.F.E) passes through the Property as it parallels the paved Federal Highway 16. Accommodation and is available at Yécora or in the nearby village of Santa Ana.

The town of Yécora and the smaller village of Santa Ana have an available work force and equipment providers are also available to provide personnel and services to any future exploration and/or development needs of this Property.

There is currently no reliable water source available within the Property limits. Water for drilling purposes was historically trucked in from a nearby well.

The local topographic relief is expressed by mountainous terrain of up to 1,400 m above mean sea level (amsl), while the mountains along Highway 16 to the south reach elevations over 2,000 m. The average elevation within the Property limits is between 1,100 and 1,400 amsl.

La Lamosa Ridge area has been the focus of historical exploration and comprises a red coloured, highly oxidized, visually striking hill extending from the highway grade. Local vegetation consists of evergreen trees (mostly pines, cypress and evergreen oaks) reflecting typical lower alpine vegetation. The lower areas consist of low bushes and grasses.

The operating season for field work is year-round. The rainy season runs from late July through mid-September and, during that time, high temperatures and humidity coupled with intermittent heavy rain may slow operations. Generally, the months of April to September are warm to hot, and the months of October to March are cooler with night-time minimum temperature often dropping to the freezing point.

1.4 HISTORY

1.4.1 General History

The exact date of mining exploration activities in the area is unknown; however, a history of mining exploration and development is reported in local verbal accounts. The history of mining in the Yécora district is reported to date back as far as the 1600's, when a Jesuit missionary by the name of Alonso Victoria founded the town of San Idelfonso de Yécora in 1673. The town was later named Yécora by the Governor of Sonora, Adolfo de la Huerta in 1916.

1.4.2 Historical Property Exploration

Two phases of historical drilling were performed on the Mercedes Property. In 1996, a reverse circulation drilling program consisting of 15 holes totalling 1,018 m 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 m. In addition to the drilling, a number of geochemical sampling programs have been completed.

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

1.5 GEOLOGICAL SETTING AND MINERALIZATION

1.5.1 Regional Geology

The Mercedes Property is located within the Sierra Madre Occidental (SMO). The Property sits on the edge of a broad erosional window in the Upper Volcanic Sequence (UVS) of the late Cretaceous which is overlain in the southeastern corner of the map by younger polymictic conglomerates, rhyolite tuffs and basalt flows. The erosional window exposes Lower Volcanic Sequence (LVS) rocks in this region of the Tarahumara Formation. The Tarahumara Formation is 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 Mercedes property contains many of the above-mentioned rock groups, though it is underlain predominantly by intrusives of granodioritic to granitic composition.

Visually, the region to the north and east takes the form of a broad valley dotted with numerous intrusive stocks and erosion 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. Mapping depicts strong structural control to the distribution of intrusives and the entire region represents a highly active pre-historic volcanic district, with extensive associated hydrothermal activity.

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

1.5.2 Local/Property 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 (QFP) in previous drilling campaigns) of granodioritic to monzonitic composition.

1.5.3 Mineralization

Mineralization at the La Lamosa Ridge 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 to be 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 within the strongly fractured, faulted and brecciated zones.

1.6 EXPLORATION PROGRAMS

1.6.1 Exploration Program

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. (Gambusino Prospector) 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. This program was successful in Magna gaining a better understanding of the geology and mineralization located at the Mercedes Project.

1.6.2 Drilling Program

From July to September, 2019, Magna conducted a drill program comprised of 21 RC holes for 2,723.39 m distributed along a 300 m 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.

Geographic data for the two previous drill campaigns were surveyed using the datum WGS but, in the Technical Report prepared in 2011 for Parlane Resource Corporation (Parlane), were changed to datum NAD 27. In the 2019 exploration work of Magna, the datum used was WGS84, and all information generated by Magna was surveyed in, or converted to, datum WGS84.

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 250-300 m, over a width of 60 m and up to 40 m 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 oriented 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 MER-08-01 (2008) versus MER-19-001 (Magna, 2019) and MER-08-02 (2008) versus MER-19-003. Reverse circulation (RC) hole number MER-19-001 confirmed gold and silver mineralization from surface to 117 m down the hole with an average grade of 0.520 g/t gold. The existing database for MER-08-001 shows that mineralization over the same interval averages 0.493 g/t gold. Magna's second twin drill hole was the MER-19-003 which twinned 2008 drill hole MER-08-02. A comparison using the same distance from 0.00 m to 117 m along the holes averaged 0.359 g/t gold for the MER08-03 and 0.0541 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.

1.7 MINERAL RESOURCE ESTIMATE

1.7.1 General Information

The Mercedes Project database provided to Micon comprises 21 drill holes, with a total of 2,723 m of drilling and containing 1,787 samples. This 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 m of core. Most of the drill holes used were drilled from the hillside in the northwest direction, intersecting the entire mineralized zone. No trench samples or any other type of sampling were used in the resource estimate.

The Project topography was provided by Magna as a digital terrain model (DTM) in DXF format and this was as the basis for the block model and for the open pit optimization for the La Lamosa Ridge mineral envelope.

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 overall average density value for the entire Mercedes Project is estimated 2.9 g/cm^3. Magna has not conducted rock density measurements.

The Mercedes Project's intercepts were composited into 3.0 m equal length intervals within the wireframe.

All outlier assay values for 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.

Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the Mercedes deposit, the analysis was done within the La Lamosa Ridge 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 deposits. Silver was analyzed within the gold envelope; there is no separate silver envelope for La Lamosa Ridge.

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

The estimation of the deposit tonnage and grade was performed using Leapfrog Geo/EDGE software.

1.7.2 Reasonable Prospects for Economic Extraction

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

The mineral resource reported herein has been constrained by reasonable mining shapes using economic assumptions for an open pit mining scenario.

The gold price and operating costs were suggested by Magna and approved by Micon. In the QP's opinion the economic parameters are reasonable, but they were not developed from first principles and are considered conceptual in nature.

Table 1.1Table 14.8 summarizes the open pit economic criteria upon which the resource estimate for the Mercedes Gold Project is based.

Table 1.1
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 surface mining parameters noted in Table 1.1 suggest that breakeven cut-off grades of 0.17 g/t Au for the oxidized rock and 0.38 g/t Au for the mixed or transitional rock are suitable for the Mercedes Project. 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.

1.7.3 Mineral Resource Estimate

Using the parameters shown in Table 1.2, an open pit optimization was conducted for the La Lamosa Ridge deposit. The pit shell takes most of the oxidized rock resources with an almost zero strip ratio.

Micon has classified the La Lamosa Ridge mineral resource estimate at the Mercedes Project in the Inferred category. The classification of the La Lamosa Ridge resources was entirely due to the drill hole spacing and quantity. Further work in needed to classify the mineral resources as measured or indicated.

The Mercedes Project's mineral resource statement is summarized in Table 1.2.

Table 1.2
Mercedes Project Inferred Mineral Resource Estimate for the 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.
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 m.
3. The mineral resources presented here were estimated with a block size of 5 m x 5 m x 6 m. The mineral resources do not use a sub-blocked model. Grades are interpreted Ordinary Kriging using the appropriate variogram model of each element with individual search ellipsoids in 2 passes.
4. The mineral resources presented here were estimated by Micon International Limited 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.

1.8 CONCLUSIONS AND RECOMMENDATIONS

Magna has optioned or acquired ownership of the mineral concessions which currently comprise the Mercedes Project. These on these mineral concessions have had some minor exploration programs conducted on them historically, along with some artisanal mining for which there are no records. Magna has conducted initial exploration and drilling programs which were successful in identifying the mineralization further at the La Lamosa Ridge area and outlining other potential mineralized targets on the property.

1.8.1 Budget for Further Exploration

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.

Micon and the QPs have reviewed and discussed Magna's proposal for its exploration program on the Mercedes Property. Micon and the QPs recommend that Magna conducts the exploration program as proposed, subject to funding and any other matters which may cause the proposed exploration program to be altered in the normal course of its business activities or alterations which may affect the program as a result of exploration activities themselves.

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 QPs believe that further exploration and drilling work is warranted and may assist Magna in upgrading the current resources and outlining further resources.

1.8.2 Recommendations

Through its optioning and acquisition of the mineral concessions which comprise the Mercedes Project, Magna has gained a property upon which historical artisanal mining has been conducted and which, has had some modern exploration conducted on it, buy which has not been fully explored using modern techniques. Micon and the QPs agree with the general direction of and proposed 2021 exploration program for the Project and make the following additional recommendations for the property:

1. Micon and the QPs agree with Magna's efforts to store the Mercedes data in a cloud-based location. To that end, Micon and the QPs believe that all data, including copies of historical reports, should be included in this storage so that the storage contains a complete record of the data for the Mercedes Project. All too often, not all of the data are stored and this can lead to problems or work duplication in the future.
2. Micon and the QPs recommend that Magna surveys all of the old artisanal working on the Mercedes property and that these working are tied into the primary survey data base for the property. Thus, these workings can provide further information upon which to base future exploration programs and potentially resource estimates. The surveying should include any trench or roadcut sampling intervals as these data may be able to be included in future mineral resource estimates.
3. Micon and the QPs recommend that, prior to undertaking the next mineral resource estimate, Magna corrects any errors that were identified during the current resource exercise.
4. Micon and the QPs recommend continuing to conduct metallurgical tests in order to confirm/improve the results obtained in 2019. A comprehensive mineralogical characterization focus in the understanding of gold deportment should increase knowledge and guide future metallurgical test work.
5. Micon and the QPs recommend that, when Magna conducts its next drilling program at the Mercedes Project, it includes a program of density measurements for the La Lamosa Ridge deposit, as well as for the other areas of mineralization found on the Mercedes Property. The program should include not only the measurements for the mineralized rock but the host rock as well.
6. Micon and the QPs recommend that the warehouse in Hermosillo is reorganized in order to maintain both the integrity and accessibility of the information stored there and that a complete inventory is placed with the database for the Project.

2.0 INTRODUCTION

2.1 TERMS OF REFERENCE

At the request of Arturo Bonillas. President, CEO and Director of Magna Gold Corp. (TSXV: MGR, OTCQB: MGLQF) (MGR or Magna), Micon International Limited (Micon) has been retained to prepare an independent Technical Report for the Mercedes Gold Project (Mercedes Project or the Project) in the state of Sonora, Mexico. The purpose of this Technical Report is to support disclosure of a first-time mineral resource estimate for the La Lamosa Ridge deposit at the Mercedes Project. The mineral concessions which comprise the Mercedes Project are optioned or owned by Magna's wholly-owned subsidiaries, Minera Magna, SA de CV. (Minera Magna) and LM Mining Corp SA de CV. (LM Mining).

This is Micon's first Technical Report for the Mercedes Project.

2.2 QUALIFIED PERSONS, SITE VISIT AND AREAS OF RESPONSIBILITY

The Qualified Persons (QPs) responsible for the preparation of this report are:

- William J. Lewis, P.Geo. Senior Geologist with Micon.
- Richard M. Gowans, P.Eng., President and Principal Metallurgist with Micon.
- Ing. Alan San Marin, MAusIMM(CP), Mineral Resource Specialist with Micon.
- Rodrigo Calles-Montijo, CPG, General Administrator and Principal Consultant with the firm Servicios Geológicos IMEx, S.C.

Mr. Lewis is responsible for the independent summary and review of the geology, exploration, Quality Assurance and Quality Control (QA/QC) program, as well as the resource estimate for the La Lamosa Ridge deposit and the comments on the propriety of Magna's plans and budget for the next phase of exploration drilling.

Various aspects of the Mercedes Project were reviewed by the other QPs, with Mr. Gowans covering the metallurgical aspects and Mr. San Martin undertaking the review of the block model prepared by Magna.

In conjunction with this report, a number of discussions were held via Skype, Zoom and telephone conference calls between Micon personnel in Toronto and Magna personnel in Hermosillo, regarding the database, block model and parameters for the mineral resource estimate, conceptual mine plan and other topics related to the preparation of this Technical Report.

The current site visit to the Mercedes property 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. Rodrigo Calles-Montijo 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 contracted by the management of Magna to undertake the current site visit, as required by NI 43-101, and which was unable to be executed by the representatives of Micon due to the travel limitations created by the COVID-19 pandemic. Mr. Calles-Montijo visited the Mercedes Project accompanied by Miguel Soto, Vice President of Exploration for Magna.

2.3 UNITS AND ABBREVIATIONS

All currency amounts are stated in US dollars (US$) or Mexican pesos (MXN), as specified, with costs and commodity prices typically expressed in US dollars. Quantities are generally stated in metric units, the standard Canadian and international practice, including metric tons (tonnes, t) and kilograms (kg) for weight, kilometres (km) or metres (m) for distance, hectares (ha) for area, grams (g) and grams per metric tonne (g/t) for gold and silver grades (g/t Au, g/t Ag). Wherever applicable, Imperial units have been converted to Système International d'Unités (SI) units for reporting consistency. Precious metal grades may be expressed in parts per million (ppm) or parts per billion (ppb) and their quantities may also be reported in troy ounces (ounces, oz), a common practice in the mining industry. A list of abbreviations is provided in Table 2.1. Appendix 1 contains a glossary of mining and other related terms.

2.4 INFORMATION SOURCES

The review of the Mercedes Project was based on published material researched by Micon and the QP's, as well as data, professional opinions and unpublished material submitted by the professional staff of Magna or its consultants. Much of these data came from reports prepared for and provided by Magna.

Neither Micon nor the QPs have nor have previously had any material interest in Magna or related entities. The relationship with Magna and related entities is solely a professional association between the client and the independent consultant. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

This report includes technical information which requires subsequent calculations or estimates to derive sub-totals, totals and weighted averages. Such calculations or estimations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, neither Micon nor the QPs consider them to be material.

The conclusions and recommendations in this report reflect the authors' best independent judgment in light of the information available to them at the time of writing. The authors and Micon reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

Table 2.1
List of Abbreviations

Name	Abbreviation	Name	Abbreviation
Above mean sea level	amsl	Metre(s)	m
Accurassay Laboratories	Accurassay	Mexican Geological Survey	SGM
Acme Analytical Laboratories Ltd.	ACME	Mexican peso	MXN
Adsorption/desorption/reactivation	ADR	Micon International Limited	Micon
All-in sustaining costs	AISC	Million (million tonnes, million ounces, million years)	M (Mt, Moz, Ma)
ALS-Chemex Laboratories	ALS-Chemex	Milligram(s)	mg
American Institute of Professional Geologists	AIPG	Millimetre(s)	mm
Bureau Veritas Minerals	BVM	Minera Magna, SA de CV.	Minera Magna
Canadian Institute of Mining, Metallurgy and Petroleum	CIM	Molimentales del Noroeste de S.A. de C.V.	Molimentales
Canadian National Instrument 43-101	NI 43-101	North American Datum	NAD
Canadian Securities Administrators	CSA	Net present value, at discount rate of 5%/y	NPV, NPV_8
Centimetre(s)	cm	Net smelter return	NSR
Certified Professional Geologist	CPG	Not available/applicable	n.a.
Compania Minera Fernanda S.A. de C.V.	Minera Fernanda	Ordinary Kriging	OK
Defiance Mining Corporation	Defiance	Ounces (troy)/ounces per year	oz, oz/y
Degree(s), Degrees Celsius	º ,ºC	Parlane Resource Corporation	Parlane
Digital elevation model	DEM	Parts per billion, part per million	ppb, ppm
Digital terrain model	DTM	Peńoles Mining Company	Peńoles
Dirección General de Minas	DGM	Percent(age)	%
Discounted cash flow	DCF	Professional Engineer	P.Eng.
Diversified Drilling, S.A. de C.V.	Diversified	Quality Assurance/Quality Control	QA/QC
Electronic Data Gathering, Analysis and Retrieval	EDGAR	Qualified Person(s)	QP(s)
Explotaciones Mineras Del Noroeste S.A. de C.V.	Explotaciones Mineras	Quartz-feldspar porphyry	QFP
Galena Capital Corporation/Norma Mines Limited	Norma Mines	Run of mine	ROM
Gambusino Prospector de Mexico, S.A. de C.V.	Gambusino Prospector	Secretaría del Trabajo y Previsión Social	STPS
Grams per metric tonne	g/t	Servicios Industriales Peñoles, S.A. de C.V.	Peñoles
Hectare(s)	ha	Sierra Madre Occidental	SMO
Hour	h	Specific gravity	SG
Inch(es)	in	Square kilometre(s)	km^2
Independent Mining Consultants, Inc.	IMC	System for Electronic Document Analysis and Retrieval	SEDAR
Inductively Coupled Plasma – Emission Spectrometry	ICP-ES	Three-dimensional	3 D
Internal diameter	ID	Tonne (metric)/tonnes per day, tonnes per hour	t, t/d, t/h
Internal rate of return	IRR	Tonne-kilometre	t-km
Impuesto al Valor Agregado (or VAT)	IVA	Tonnes per cubic metre	t/m^3
Kilogram(s)	kg	United States Dollar(s)	US$

Name	Abbreviation	Name	Abbreviation
Kilometre(s)	km	US gallons per minute	US g/m
Laboratorio Tecnologico de Metalurgia S.A de C.V	LTM	U.S. Securities and Exchange Commission	SEC
Litre(s)	L	Universal Transverse Mercator	UTM
LM Mining Corp SA de CV.	LM Mining	Upper Volcanic Sequence	UVS
Lower Volcanic Sequence	LVS	Value Added Tax (or IVA)	VAT or IVA
Magna Gold Corp.	MGR or Magna	Year	y
Mercedes Gold Project	Mercedes Project or the Project		

This report is intended to be used by Magna, subject to the terms and conditions of its agreement with Micon. That agreement permits Magna to file this report as a Technical Report with the Canadian Securities Administrators pursuant to provincial securities legislation or with the U.S. Securities Exchange Commission (SEC). Except for the purposes legislated under provincial securities laws, any other use of this report, by any third party, is at that party's sole risk.

The descriptions of geology, mineralization and exploration used in this report are taken from reports prepared by various organizations and companies or their contracted consultants, as well as from various government and academic publications. The conclusions of this report are based in part on data available in published and unpublished reports supplied by the companies which have conducted exploration on the property, and information supplied by Magna. The information provided to Magna was supplied by reputable companies. Neither Micon nor the QPs have any reason to doubt its validity and have used the information where it has been verified through their own review and discussions.

Micon and the QPs are pleased to acknowledge the helpful cooperation of Magna management and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material.

Some of the figures and tables for this report were reproduced or derived from historical reports written on the property by various individuals and/or supplied to Micon by Magna for this current Technical Report. Most of the photographs were taken by Mr. Calles-Montijo during his recent site visit. Where photographs, figures or tables were supplied by other individuals or Magna, they are referenced below the inserted item.

3.0 RELIANCE ON OTHER EXPERTS

In this report, discussions regarding royalties, permitting, taxation and environmental matters are based on material provided by Magna. Micon and the QPs are not qualified to comment on such matters and have relied on the representations and documentation provided by Magna for such discussions.

All data used in this report were originally provided by Magna or its consultants. Micon and the QPs have reviewed and analyzed these data and have drawn their own conclusions therefrom, augmented by the QPs direct field examinations. All of the documentation supplied by Magna and references used by Micon are noted in Section 28.0.

Micon offers no legal opinion as to the validity of the title to the mineral concessions claimed by Magna, as Micon is not qualified to comment on such matters. However, Magna has provided Micon with a title opinion dated December 10, 2020 from Mr. Hugo Francisco Medina Moreno.

4.0 PROPERTY DESCRIPTION AND LOCATION

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

4.1 GENERAL INFORMATION

The Mercedes Property is located in the Municipality of Yécora, in the State of Sonora, Mexico. The property is approximately 250 km southeast along federal Highway 16 from Hermosillo (Figure 4.1), 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 m from the highway turnoff.

The project is within the Santa Rosa de Yécora District, which is known for its gold, silver, copper, lead, zinc, molybdenum and tungsten endowment. Geographically, the Mercedes property is located within UTM Zone 12 and is centred at Latitude: 28º 24' 25" N, Longitude: 109º 05' 06" W or NAD27, MexZ12 3,143,000N and NAD27, MexZ12, 687,000E.

Figure 4.1
Location of the Mercedes Project

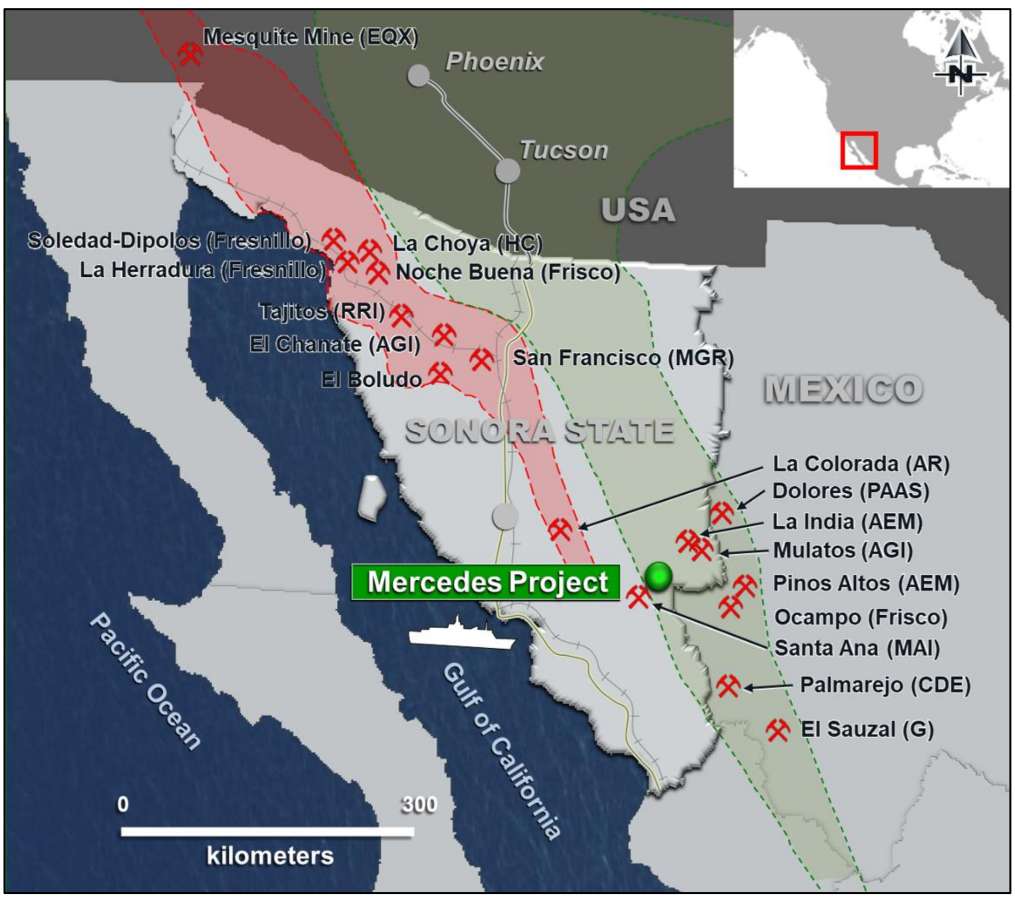


Figure supplied by Magna, December, 2020.

4.2 PROPERTY DESCRIPTION AND OWNERSHIP

Magna, through its subsidiary Minera Magna, SA de CV. (Minera Magna), has optioned two contiguous mineral concessions and, through its second subsidiary LM Mining Corp SA de CV. (LM Mining), has acquired 100% ownership of seven contiguous mineral concessions. The nine mineral concessions total 974.57 ha and comprise the Mercedes Project. Table 4.1 summarizes the information for the mineral concessions which compose the Mercedes Project. Figure 4.2 shows the location of the Mercedes Project mineral concessions in relation to one another.

4.2.1 Obligations and Encumbrances

4.2.1.1 Minera Magna Concessions

The two contiguous claim blocks (C.R. and Ampliacion Mina del Oro) cover a total combined area of 344.75 ha and are in good standing. According to the April, 2019, Technical Report, Magna paid some outstanding mining fees/taxes dating back to June, 2017 and brought the concessions up to date with the government.

Magna holds these two mineral concessions by way of an Option Agreement with the legal concession holder. The agreement was signed on September 25, 2018, between Beatriz Delia Yepiz Fong and Minera Magna SA de CV. The agreement outlines the terms whereby Magna could earn 100% ownership of the claims by making cash payments totalling US$1.34 million, in staged tranches over a four-year period from the date of signing. The payment schedule details are as follows:

- Payment of US$50,000 plus VAT on May 27, 2019. This payment was completed.
- 36 monthly payments of US$15,000 beginning November 27, 2019 and ending October 27, 2022. On March 27, 2020, due to the COVID-19 pandemic, Magna Mexico and Beatriz Delia Yepiz Fong entered into an agreement to pause the pending payments for a 90-day period, continuing with the payments on May 27, 2020 and concluding the 36 monthly payments on December 27, 2022. This took into consideration that the November and December, 2019, as well as January and February, 2020 payments had already been made.
- Final payment of US$750,000 on December 27, 2022. As a result of the change to the agreement this payment will now occur on January 27, 2023.

In addition to cash payments, Magna was obliged to issue a total of 2,442,105 common shares of Magna Gold Inc (Canadian parent company) on or before May 27th, 2020. These shares have been issued and Magna has completed this obligation in the agreement.

Table 4.1
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 SA de CV	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 SA de CV	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 SA de CV	687,112.750 E - 3,143,265.724 N	Mining Concession	265.4726	June 22, 2004	June 21, 2054	4,432
Maria 2 Fraccion 1	224162	LM Mining Corp SA de CV	687,112.750 E - 3,143,265.724 N	Mining Concession	147.4857	April 19, 2005	April 18, 2055	2,462
Maria Fraccion II	222249	LM Mining Corp SA de CV	687,112.750 E - 3,143,265.724 N	Mining Concession	107.3373	June 22, 2004	June 21, 2054	1,792
Maria 2 Fraccion 2	224163	LM Mining Corp SA de CV	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 SA de CV	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 SA de CV	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 SA de CV	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**

Table supplied by Magna, December, 2020.

Figure 4.2
Location of the Mercedes Project Mineral Concessions in Relationship to One Another

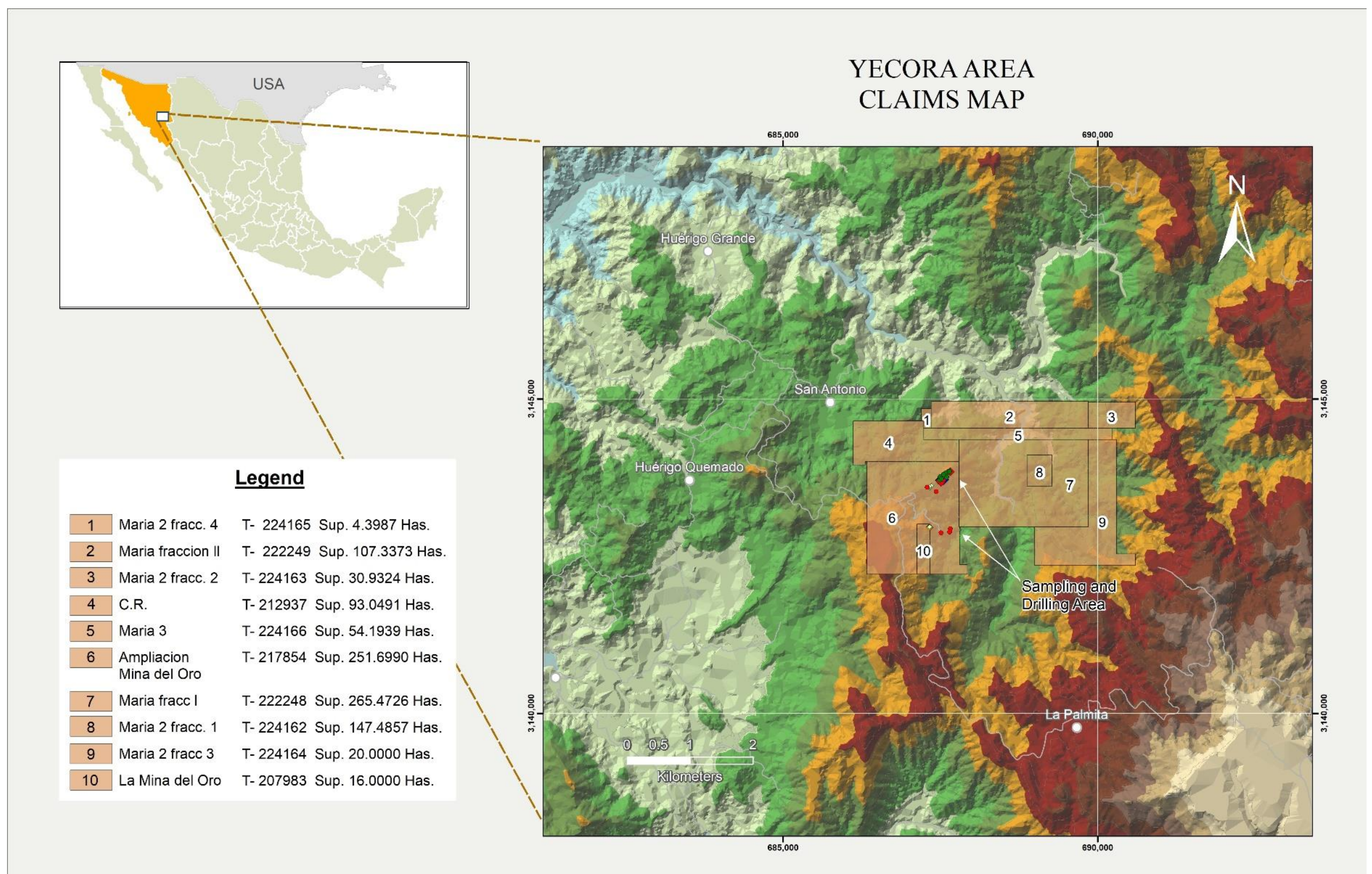


Figure supplied by Magna, January, 2021.

Completion of the payment schedule will afford the optionee (Magna) the right to 100% ownership of the property. 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 3 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.

4.2.1.2 LM Mining Concessions

LM Mining is the sole owner of the seven mineral concessions registered to it. LM Mining acquired the concessions through a Free Assignment Agreement between the original owners and LM Mining. This Assignment Agreement was signed on December 14, 2018, between Jose Maria Rodriguez Hernandez and Rosa Alba Ruiz Murrieta as (original owners) and LM Mining (actual owner). The agreement outlines the principal terms whereby LM Mining earned the 100% ownership of the 7 concessions.

This transaction was a Free Assignment Agreement, because the original concessionaires (Jose María and Rosa Alba) owed to the Mining Authorities more than USD $100,000 of mining fees and the concessions were cancelled by the Mining Authorities. LM Mining paid the legal process to reverse the cancelation and pay the Mining Taxes and thus became the sole owner of the seven concessions.

4.3 MEXICAN MINING LAW

When the Mexican mining law was amended in 2006, all mineral concessions granted by the Dirección General de Minas (DGM) became simple mining concessions and there was no longer a distinction between mineral exploration or exploitation concessions. A second change to the mining law resulted in all mining concessions being granted for a period of 50 years, provided that the concessions remained in good standing. As part of the second change, all former exploration concessions which were previously granted for a period of 6 years became eligible for the 50-year term.

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 Projects is US$16,282.

All mineral concessions must have their boundaries orientated astronomically north-south and east-west and the lengths of the sides must be one hundred metres or multiples thereof, except where these conditions cannot be satisfied because they border on other mineral concessions. The locations of the concessions are determined on the basis of a fixed point on the land, called the starting point, which is either linked to the perimeter of the concession or located thereupon.

Prior to being granted a concession, the company must present a topographic survey to the DGM within 60 days of staking. Once this is completed, the DGM will usually grant the concession.

4.4 Environmental Liabilities and Permitting

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 maybe 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 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 renewed as Magna continues to evaluate the Project.

Water for any drilling programs at the Mercedes Project will need to be shipped to the site but, for longer term development of the Project, Magna will need to investigate further water sources in the region.

To Micon and the QPs knowledge Magna has not completed any further environmental studies or permitting on the Mercedes Project as of the date of this report

4.5 Micon QP Comments

Micon and the QPs are not aware of any significant factors or risks, other than those discussed in this Section of the report, that may affect access, title or right or ability to perform work on the property by Magna. It is Micon's and the QP's understanding that 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.

This portion of the state of Sonora, Mexico is very open to mining activity, which has provided significant economic development in recent years. Nevertheless, this area is considered to have some safety and security issues which may affect the development of new mining activities in the future. Security issues in the area will need to be continually monitored by Magna. Magna will also need to establish ongoing relationships and communication channels with the locals and landowners, as they constitute the best source of information related to non-normal situations.

The Mercedes property is large enough to accommodate the infrastructure necessary to host any future mining operations, should sufficient economic mineralization be identified on the property.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

5.1 ACCESSIBILITY

The Mercedes Property is accessible from the state capital of Hermosillo by paved Federal Highway 16. The Property is a 3.5-hour drive from Hermosillo, with the town of Yécora approximately 25 minutes further to the east. The central portion of the property is located near the 250 km post. The La Lamosa Ridge area is located 500 m east of the highway turnoff and is accessed by a gated ranch access trail directly from the highway.

Highway 16 passes through the western portion of the claims as it climbs eastward toward Yécora. Numerous access trails exist, and all main showings may be reached by way of these. Refurbishment of some secondary tracks will be necessary to make them passable for vehicular traffic. Access to the property is in places steep and requires a 4-wheel drive vehicle.

5.2 LOCAL RESOURCES

Infrastructure and support services such as electricity, mail and phone services are available in Yécora. An electrical line (C.F.E) passes through the property as it parallels the paved Federal Highway 16. Accommodation and is available at Yécora or in the nearby village of Santa Ana.

The town of Yécora and the smaller village of Santa Ana have an available work force and equipment providers are also available to provide personnel and services to any future exploration and/or development needs of this property.

There is currently no reliable water source available within the property limits. Water for drilling purposes was historically trucked in from a nearby well.

5.3 CLIMATE AND PHYSIOGRAPHY

The Project is situated on what appears to be the edge of an erosional window in the thick tertiary volcanic sequence of the Sierra Madre Occidental (SMO) and traverses a range of elevations from the low, intrusive dominated valley bottoms in the north and east to a higher rim of mixed volcanics/intrusives in the west and south. The local topographic relief is expressed by mountainous terrain of up to 1,400 m above mean sea level (amsl), while the mountains along Highway 16 to the south reach elevations over 2,000 m. The average elevation within the property limits is between 1,100 and 1,400 m amsl.

La Lamosa Ridge area was the focus of historical exploration and comprises a red coloured, highly oxidized, visually striking hill extending from the highway grade (Figure 5.1). Local vegetation consists of evergreen trees (mostly pines, cypress and evergreen oaks) reflecting typical lower alpine vegetation (Figure 5.2). The lower areas consist of low bushes and grasses.

The operating season for fieldwork is year-round. The rainy season runs from late July through mid-September and, during that time high temperatures and humidity coupled with intermittent heavy rain may slow operations. Generally, the months of April to September are warm to hot, and the months of October to March are cooler with nighttime minimum temperature often dropping to freezing point.

Figure 5.1
A View of Rugged Terrain and the Red Coloured La Lamosa Ridge looking North from Highway 16*

Figure taken from April, 2019, Mercedes Property Technical Report.
*Note the powerlines in the foreground of the photograph, with the Tertiary upper volcanics visible as steep cliffs in the background on the right.

Figure 5.2
Open Wooded Slopes and Existing Trails at the La Lamosa Ridge Deposit

Figure taken from April, 2019, Mercedes Property Technical Report.

5.4 MICON QP COMMENTS

Micon and the QPs believe that, to the extent relevant to the Mercedes Project, Magna should be able to obtain the surface access, environmental sign-off, power, water, and exploration personnel to conduct an exploration program on the property. Micon and the QPs also believe that the exploration programs and any potential mining operations could be conducted on a year-round basis.

The Mercedes property is large enough to accommodate the infrastructure necessary to host any future mining operations, should sufficient economic mineralization be identified on the property.

6.0 HISTORY

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

6.1 GENERAL HISTORY

The exact date of original mining exploration activities in the area is unknown; however, a history of mining exploration and development is reported in local verbal accounts. The history of mining in the Yécora district is reported to date back as far as the 1600's, when a Jesuit missionary by the name of Alonso Victoria founded the town of San Idelfonso de Yécora in 1673. The town was later named Yécora by the Governor of Sonora, Adolfo de la Huerta in 1916.

6.2 HISTORICAL EXPLORATION HISTORY

Two phases of historical drilling were performed on the Mercedes Property. In 1996, a reverse circulation drilling program consisting of 15 holes totalling 1,018 m 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 m. Data and discussion relating to these programs were summarized in the 2008 Technical Report (Rioux, 2008). Table 6.1 and Table 6.2 detail the 1996 and 2008 drill collar information.

In the April, 2019 Technical Report, the author noted that while the geographic co-ordinates from the 2008 work are generally presented in the WGS84 projection, a review of the historical maps and other data revealed that some or most of the work was likely reported in NAD27 or even as a mix of the two. Confirmation GPS waypoints taken by the report author during two site visits supported this possible inconsistency. In the case of drill collars, it was discovered that at least one historical table presented as WGS84 actually correlated closely with drill co-ordinates in the NAD27 projection. The author of the 2019 report found that the North American Datum 1927 (Mexico) (NAD27 Mexico) correlated more accurately with most of the historical work and presented the data in the 2019 report using that information.

The April, 2019 Technical Report noted that accurate survey pickup of drill collars was not completed by previous operators and available collar information varied slightly from data source to data source. The 2019 report confirmed the general location of drill collars but cautioned that an accurate (DGPS at a minimum) survey of trails, drill collars and other key topographic points, including claim boundaries, should be considered. The historical drilling data also lack downhole survey information and assay values cannot be physically verified as no core or sample residue survive from that period. Thus, the 2019 report noted that, 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.

Table 6.1
Summary of the 1996 Reverse Circulation Drill Collar Locations

Hole ID	WGS 84		NAD 27 Zone 12		Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)
	East	North	East	North				
YRC-1-1	687499.1	3143733	687557	3143535	1,282	65	-70	30
YRC-1-2	687498.1	3143735	687556	3143537	1,282	50	-60	75
YRC-2	687571.1	3143796	687629	3143598	1320	85	-60	90
YRC-3	687563.1	3143790	687621	3143592	1320	200	-60	100
YRC-4	687628.1	3143837	687686	3143639	1323	101	-60	60
YRC-5	687651.1	3143853	687709	3143655	1325	0	-90	45
YRC-6	687518.1	3143770	687576	3143572	1289	157	-60	72
YRC-7	687520.1	3143706	687578	3143508	1279	145	-80	66
YRC-8	687649.1	3143846	687707	3143648	1324	160	-60	70
YRC-9	687615.1	3143754	687673	3143556	1285	316	-60	70
YRC-10	687582.1	3143818	687640	3143620	1316	140	-70	66
YRC-11	687505.1	3143710	687563	3143512	1279	130	-70	70
YRC-12	687520.1	3143719	687578	3143521	1282	0	-90	48
YRC-13	687520.1	3143705	687578	3143507	1279	40	-60	70
YRC-14	687564.1	3143789	687622	3143591	1320	153	-60	86
Total								**1,018**

Table taken from the April, 2019 Technical Report, modified from Rioux, 2008.

Table 6.2
Summary of the 2008 Diamond Drill Hole Collars Locations

Hole ID	WGS 84		NAD 27 Zone 12		Elevation (m)	Azimuth (°)	Dip (°)	Total Depth (m)
	East	North	East	North				
MER-08-01	687592	3143815	687650	3143617	1328	110	-70	165
MER-08-02	687567	3143796	687625	3143598	1328	140	-60	133.5
MER-08-03	687544	3143716	687602	3143518	1305	40	-60	137
MER-08-04	687440	3143700	687498	3143502	1286	140	-65	153
MER-08-05	687436	3143528	687494	3143330	1266	140	-65	83
MER-08-06	687294	3143595	687352	3143397	1287	140	-65	89
MER-08-07	687512	3142871	687570	3142673	1217	320	-60	87
MER-08-08	687659	3142934	687717	3142736	1168	330	-70	130
MER-08-09	687660	3142933	687718	3142735	1172	330	-50	77
MER-08-10	687650	3142884	687708	3142686	1181	150	-50	58.5
Total								**1,113**

Table taken from the April, 2019 Technical Report, modified from Rioux, 2008.

6.2.1 1996 Reverse Circulation Drilling

A report detailing the drilling completed by Minera Fernanda in 1996 was referenced by Rioux in his 2008 report, although a copy of the 1996 report is not currently available. Verification of the 1996 data has not been undertaken and the data are presented in this Technical Report as historical work only. The historical drilling indicates the presence of disseminated gold mineralization of sufficient extent and tenor to warrant further investigation. Figures from the Rioux report are reproduced below for the purposes of illustration.

Figure 6.1, Figure 6.2 and Figure 6.3 depict the 15 RC drill holes along a northeast trending area measuring 200 m x 50 m. This shape approximates outcropping hematite, limonite and jarosite oxidized and silicified brecciated intrusives which form the backbone of La Lamosa Ridge. Grades shown on the plans indicate that every hole was mineralized, for example YRC 1-1, 4 and 8 all returned over 1g/t Au from their entire length. There is no indication of the type of RC hammer/bit or sampling/splitting methods used, nor are there any assay sheets available to verify these results. The suggested tenor and consistency of mineralization returned from all 1996 RC drill holes suggests that contamination may have been an issue during this drilling program.

Figure 6.1
Plan View of the 1996 RC Drilling

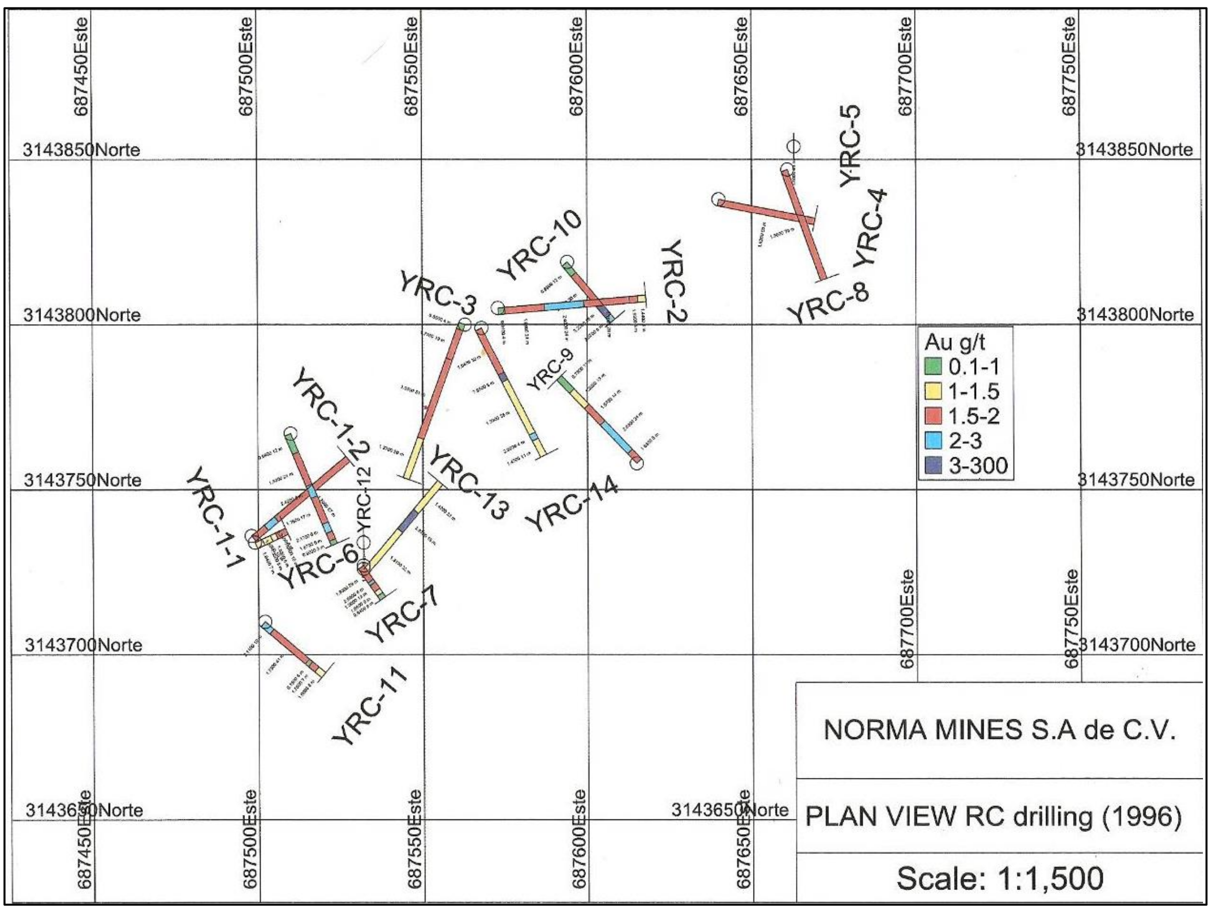


Figure reproduced from the 2008 Norma Mines Report.

Figure 6.2
Transverse Section of the 1996 RC Drilling

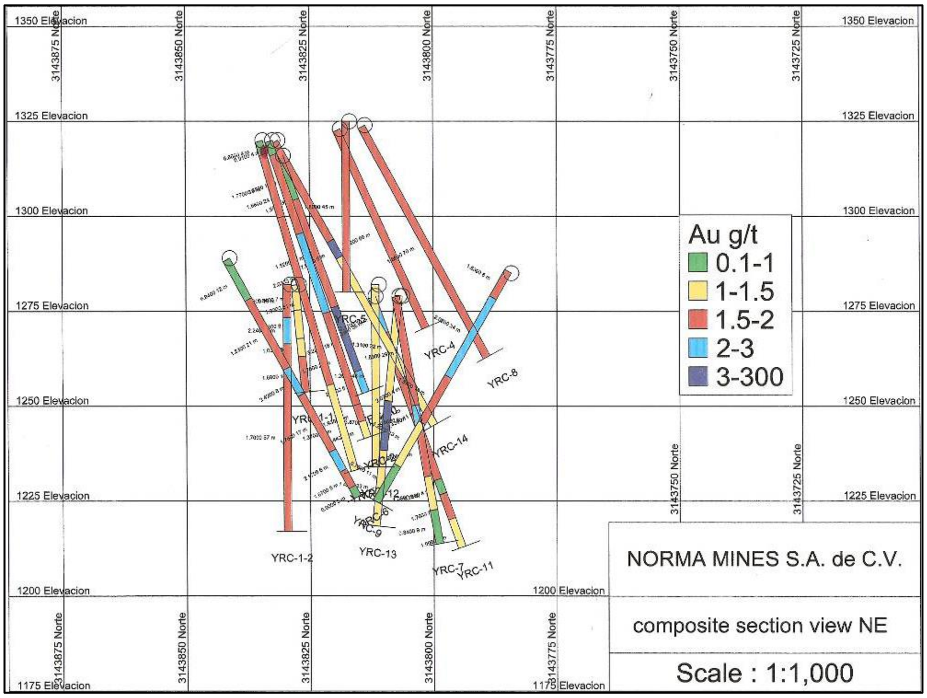


Figure reproduced from the 2008 Norma Mines Report.

Figure 6.3
Longitudinal Section of the 1996 RC Drilling

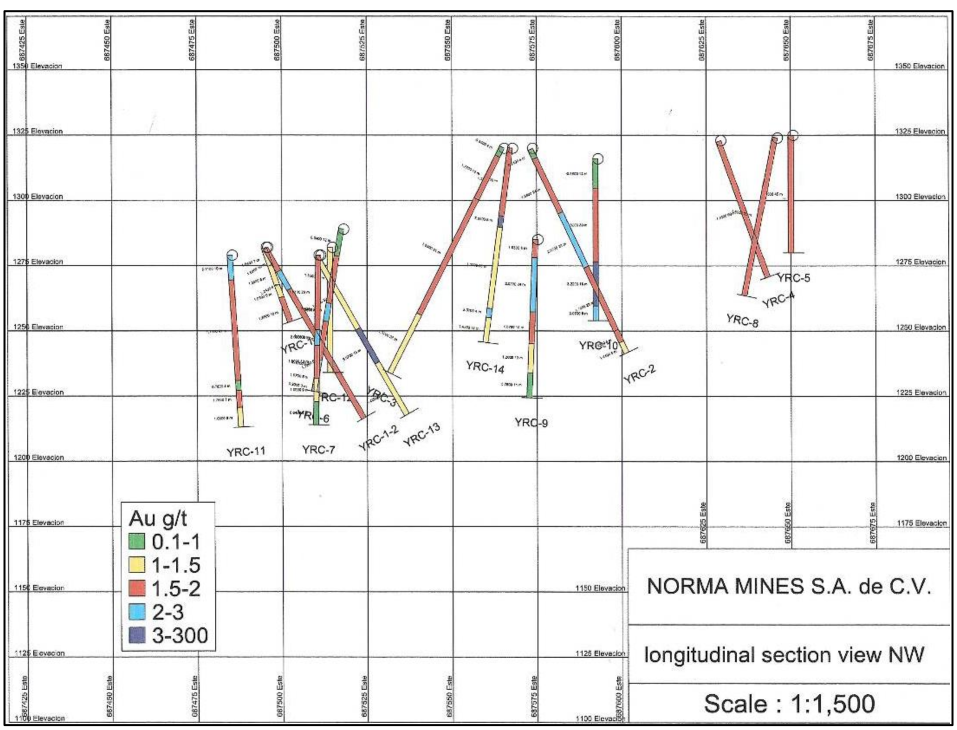


Figure reproduced from the 2008 Norma Mines Report.

6.2.2 2008 Diamond Drilling

The Norma Mines 2008 diamond drilling program consisted of 10 holes for a total of 1,113 m. The first two holes (08MER-001 and 002) attempted to twin reverse circulation holes drilled in 1996 by Minera Fernanda. Norma Mines sought to confirm the highly anomalous, consistent values reported from the RC drilling and a diamond core drill was used for the program in order to eliminate potential contamination. The diamond rig's dimensions and configuration were such that twin holes could not be drilled from the original 1996 drill sites. As a result, the diamond holes were located close to the RC holes and with the same orientation but did not exactly duplicate them. No downhole surveys were recorded, nor were the drill collars accurately surveyed.

Diamond drilling tested several areas on the claim and confirmed anomalous gold values. Six holes were drilled in the La Lamosa Ridge locale and four were drilled at the Mina del Oro workings (Figure 6.4). Assay values were sourced from Norma Mines' digital dataset comprising spreadsheets and digital text files, including digital laboratory prepared assay result sheets detailing results and analysis methods.

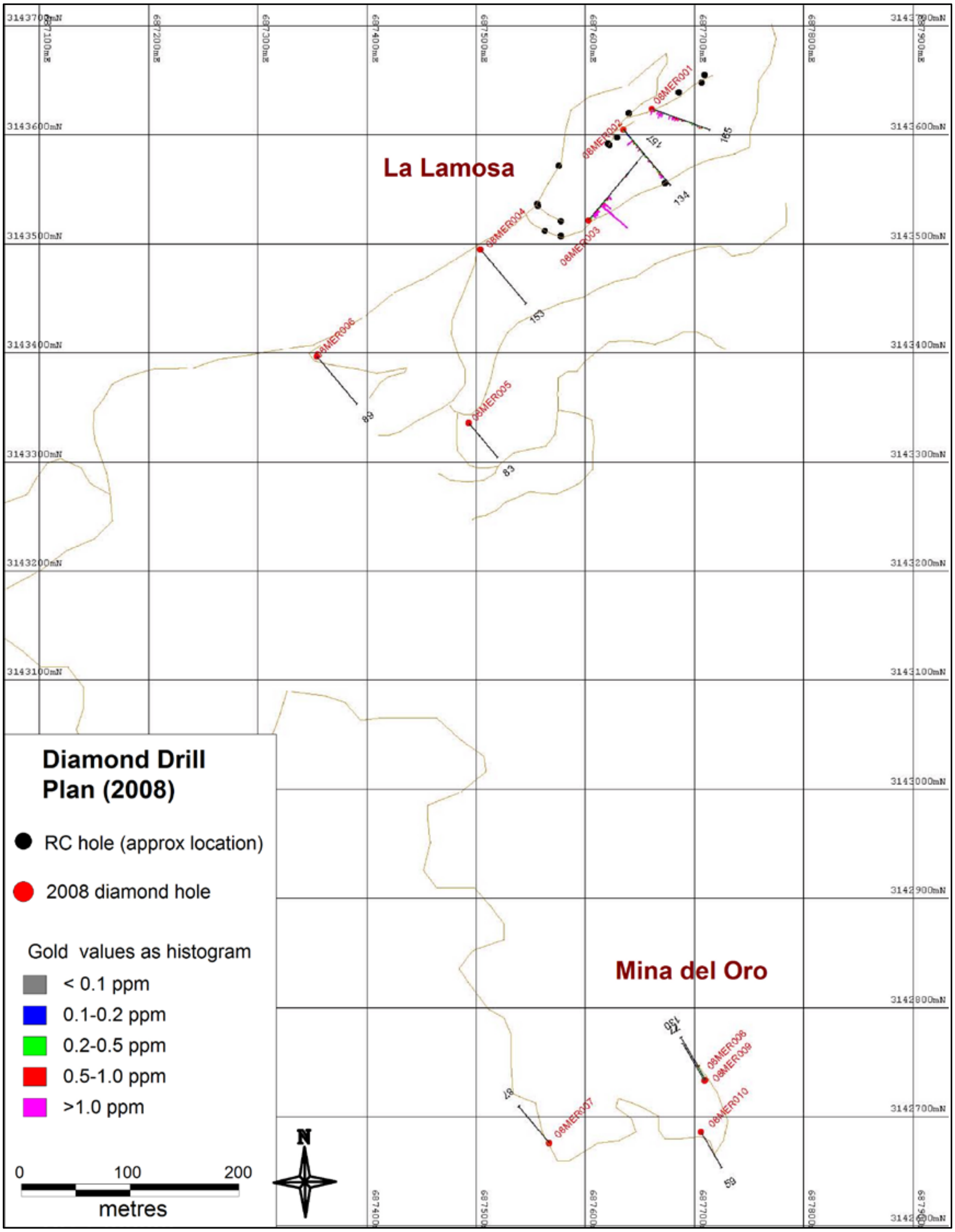
The digital laboratory data files indicate that samples generated by the 2008 Norma Mines drilling program were analyzed by International Plasma Labs Ltd (IPL), an ISO 9001:2000 certified company. Samples were shipped from the site to a Mexican preparatory laboratory and analyzes were completed by IPL's laboratory in Richmond B.C., Canada. Samples were analysed for gold by Fire Assay, Atomic Absorption Spectroscopy finish (FA-AAS). Assays exceeding 1g/t Au were re-analyzed by fire assay, gravimetric finish (FA-Grav). Samples were also subject to a multi-acid digest with Inductively Coupled Plasma Mass Spectrometry (ICPMS) finish, reporting a 30-element suite, including silver.

6.2.2.1 2008 La Lamosa Ridge Drilling

The first six holes were drilled in the La Lamosa Ridge deposit and were designed to confirm previous RC intercepts. Best results came from holes 08MER001-003 and geochemically significant intercepts are shown in Table 6.3.

The 2008 drilling intercepted broad zones of highly anomalous gold and silver grades, though it is important to note that the orientation of the holes did not adequately test the contacts of the mineralization. For example, holes 08MER001 and 08MER002 were drilled approximately down-dip on the structure and a true width of mineralization is very difficult to estimate. Hole 08MERC003 was drilled northward, at an oblique angle to the zone and it is roughly estimated to have crossed a mineralized zone that is up to 25 m in true thickness.

Figure 6.4
2008 Diamond Drill Hole Plan View



Drill hole coordinates from the Norma Mines 2008 Technical Report 2008 (low accuracy).

Table 6.3
2008 Significant Intercepts for the La Lamosa Ridge Diamond Drilling

Drill Hole	Mineralized Interval				Assays		Prospect
	From (m)	To (m)	Interval (m)	True Width (m)	Gold (ppm)	Silver (ppm)	
08MER001	0	144	144	*	0.49	12.4	La Lamosa Ridge
including	0	32	32		0.86	8.2	
including	51	144	93		0.44	16.0	
08MER002	0	113	113	*	0.37	11.6	La Lamosa Ridge
including	26	27	1		3.32	28.6	
including	110	113	3		1.17	20.2	
08MER003	0	57	57	25*	1.15	13.5	La Lamosa Ridge
including	11	24	13		1.22	20.5	
including	34	35	1		16.02	53.6	
including	35	36	1		7.67	42.8	
including	41	42	1		4.52	21.0	
08MER004	60	61.5	1.5	*	0.05	121.5	La Lamosa Ridge
08MER005	25.5	28.5	3	*	0.005	84.7	La Lamosa Ridge
08MER006	No Significant Intervals						La Lamosa Ridge

Table taken from the April, 2019 Technical Report.
* The true widths are very difficult to determine due to the orientation of the drill holes.

The April 2019 report noted that drill holes 08MER001-003 were *"collared within the oxidized zone at La Lamosa and confirmed the presence of consistently anomalous mineralization from surface. Long intervals of low-grade mineralization are considered significant in this setting. Previous operators interpreted the data differently, only reporting the higher grade, vein style mineralization but not including the broad, low grade intercepts as evidenced by the intercept summaries in (Rioux 2008)."*

Drilling returned encouraging results from the first three holes at La Lamosa Ridge. Subsequent holes 08MER004-006 stepped out along trend to the southwest but failed to intercept broad, low grade mineralization. The current interpretation at La Lamosa Ridge sees mineralization contained within a 30 m wide envelope which, in turn, contains a central, silicified zone which represents a possible feeder structure. This tabular mineralized package is estimated to strike approximately 050 and dip steeply to the southeast. Diamond holes 08MER004-006 were drilled towards the southeast, the same direction as the interpreted dip of mineralization. This is significant as the drill holes dip in the same direction as the mineralization and thus, holes 004 and 006 may have been collared in the footwall and drilled beneath the zone, while hole 005 may have been collared in the hangingwall and drilled above the zone (Figure 6.5).

Figure 6.5
Representative Transverse Section of the 2008 La Lamosa Ridge Diamond Drilling Looking Northeast

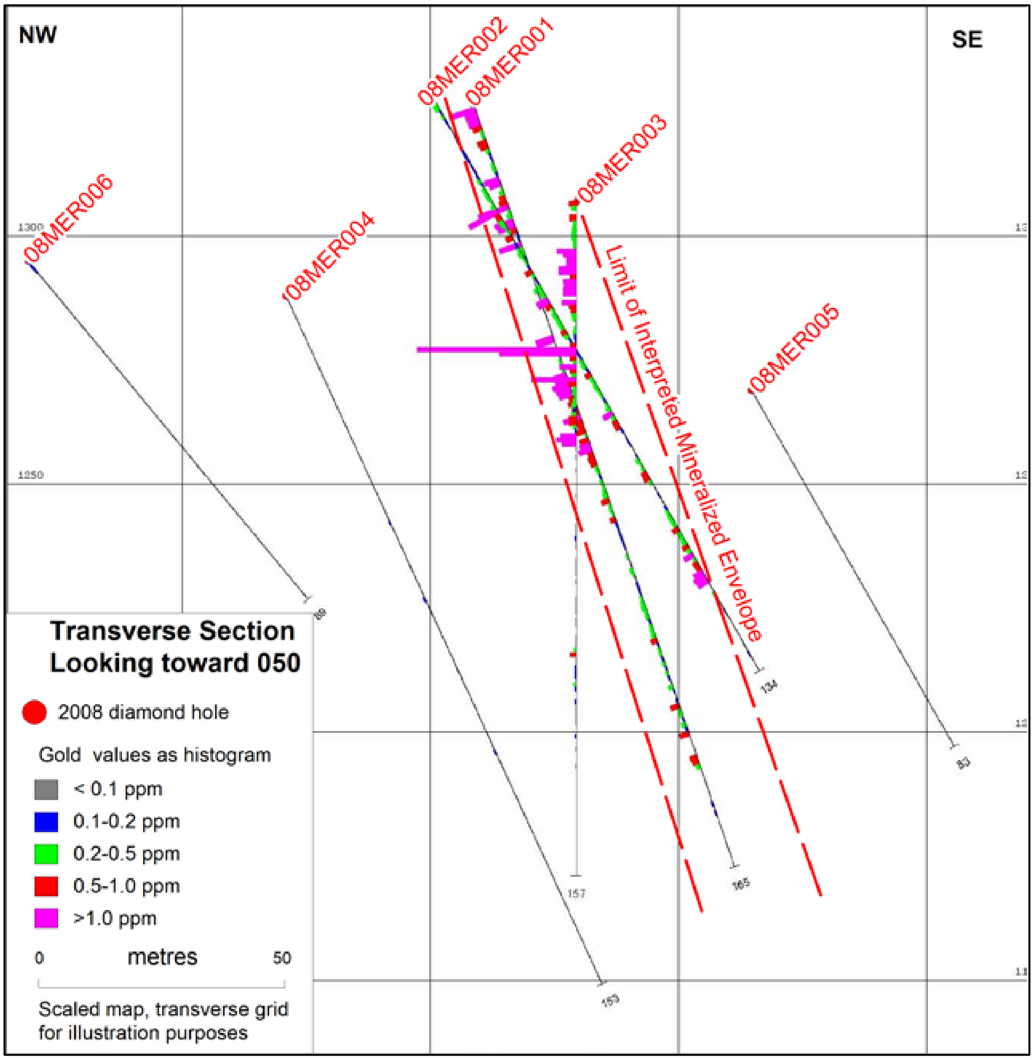


Figure taken from the April, 2019 Technical Report.

6.2.2.2 2008 Mina del Oro Drilling

Four holes, 08MER007-010, were drilled in the Mina del Oro locale (Figure 6.5 above) and targeted an area of old workings. Visible small-scale mining at this area focussed on a thin, quartz-sericite-clay altered structure hosting quartz veining, as well as a zone of silicified breccia/vein material as evidenced from rubble scattered about a small-inclined shaft. These occurrences are roughly 50 m apart and may be related to each other. Workings on the thin structure are not visible due to a collapse of the workings but outcrop and spoil may be inspected on surface. Drill holes 08MER008 and 009 were drilled from one pad and angled to intersect this structure. The assay results returned 1 m grading 0.78 g/t gold from hole 08MER008 and 3 individual 1 m samples grading 0.31, 0.36 and 0.45 g/t gold from 08MER009 (Table 6.4).

Table 6.4
Significant Intercepts for the 2008 Mina del Oro Diamond Drilling

Drill Hole	Mineralized Interval				Assays		Prospect
	From (m)	To (m)	Interval (m)	True Width (m)	Gold (ppm)	Silver (ppm)	
08MER007	No Significant Intervals						Mina del Oro
08MER008	40	41	1	*	0.782	35.7	Mina del Oro
08MER009	9	10	1	*	0.315		Mina del Oro
and	15	16	1		0.359		
and	21	22	1		0.446		
08MER010	No Significant Intervals						Mina del Oro

Table taken from the April, 2019 Technical Report.
* The true widths are very difficult to determine due to the orientation of the drill holes.

6.2.3 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. Many of these sample sites were located in the field during the 2010 site visit, though original assay certificates were not available.

A plan showing gold values from historical rock sampling is depicted in Figure 6.6. 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.

6.3 Historical Metallurgical Studies

Reportedly, in 1996, Minera Fernanda conducted metallurgical testwork. However, neither Micon nor the QP has 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.

Rioux (2008) mentions that testing was performed on oxidized material and cyanidation recoveries were 80% for gold and 15% 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 resources. Further fully documented metallurgical testwork is necessary in order to declare any measured or indicated resources.

Magna has conducted some metallurgical testwork which now supersedes the historical testwork. The results of Magna's testwork are discussed in Section 13.0 of this Technical Report.

Figure 6.6
Historical Rock Chip Samples with Corresponding Gold Values

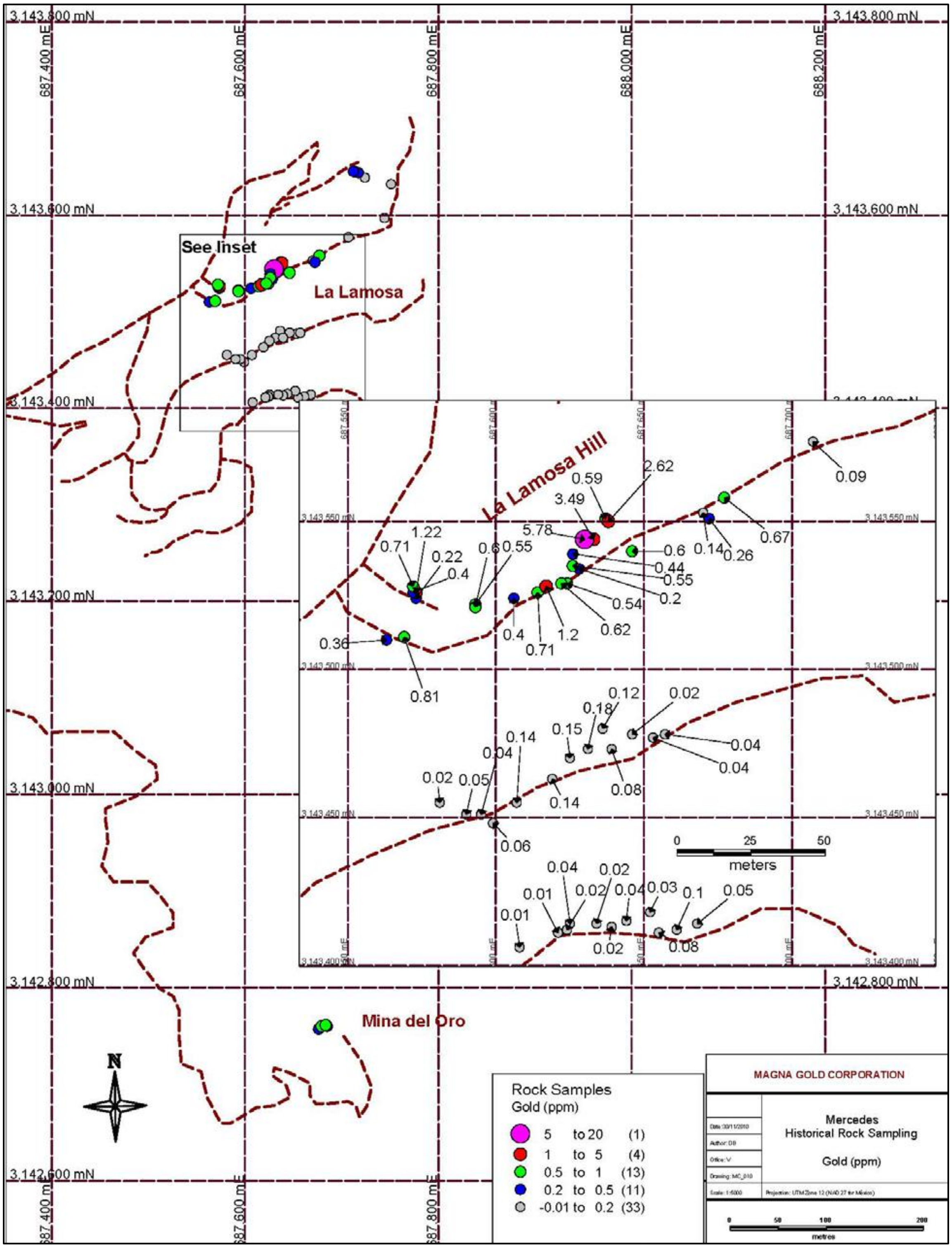


Figure taken from the April, 2019 Technical Report.

6.4 HISTORICAL MINERAL RESOURCE ESTIMATES

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

Rioux (1998) noted that the 1996 report from Minera Fernanda stated that the estimated size of the mineralization at La Lamosa Ridge was 35 m thick, 80 m long and extending 85 m down-dip. However, these apparent mineralization dimensions can in no way be construed as a historical mineral resource estimate as there is no tonnage and grade applied to these apparent mineralization dimensions. Therefore, Micon's QP believes that Magna is the first to conduct a mineral resource estimate for the Mercedes Project.

The initial Magna mineral resource estimate for the Mercedes Project is contained in Section 14.0 of this Technical Report.

6.5 HISTORICAL PRODUCTION

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

7.0 GEOLOGICAL SETTING AND MINERALIZATION

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

7.1 REGIONAL GEOLOGY

Figure 7.1 shows the location of the Mercedes property in relationship to the 1:50,000 geological mapping which has been conducted in the area.

The Mercedes property is located within the SMO. The property sits on the edge of a broad erosional window in the UVS 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 LVS 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 Mercedes 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 Mercedes 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. The oxidation and silicification are well demonstrated at the La Lamosa Ridge area. Local mineral occurrences and known historical workings are often located within these visually striking red stained areas.

7.2 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 (QFP) in previous drilling campaigns) of granodioritic to monzonitic composition.

Figure 7.1
Regional Geology Map

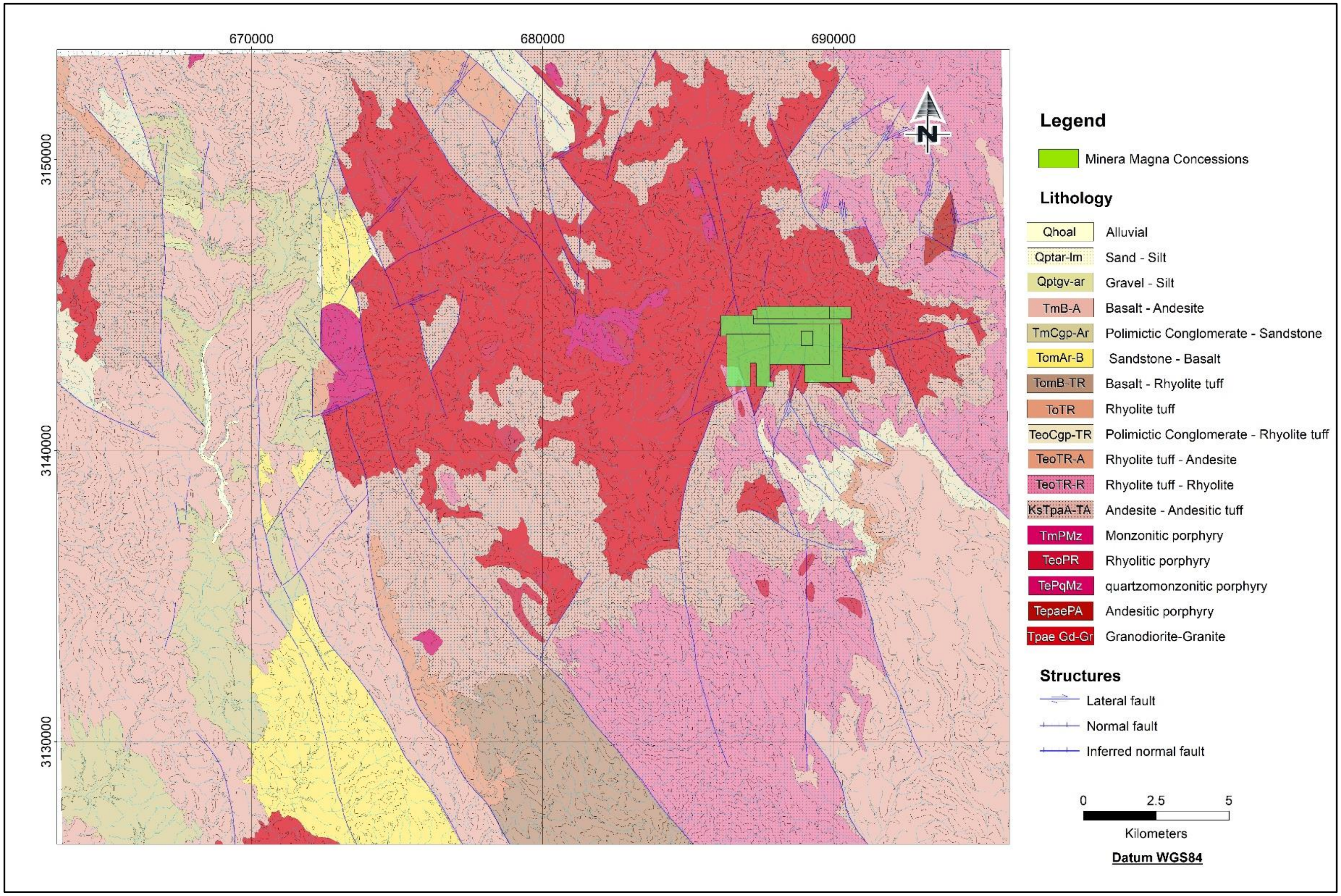


Figure provided by Magna in December, 2020.

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 2 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 (Figure 7.2, Plate 3) 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 (Figure 7.3, Plate 4). Strongly oxidized, red rocks are often mineralized, best results from grab sampling have been returned from highly silicified outcrops (Figure 7.4, Plate 6).

Figure 7.2
Top of La Lamosa Ridge, Silicified, Hematitic, Clay Altered Intrusive Breccia, Looking Southwest

Figure taken from April, 2019, Mercedes Property Technical Report.

Figure 7.3
Silicified Intrusive Breccia with White Clays and Jarosite Visible in the Lower Half of the Photograph

Figure taken from April, 2019, Mercedes Property Technical Report.

Figure 7.4
Chip Sample 986072* Location, Checking Historical Sample 13036, Vuggy Silica Outcropping on Southern Face of the Hillside

Figure taken from April, 2019, Mercedes Property Technical Report.
*Assays returned 1.2 m grading 2.07 g/t gold and 58 g/t silver.

7.3 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. To the southwest of the Mercedes Project, there is reportedly a fault having a general trend of 325° with a -75° dip to the northeast. This fault is said to mark the contact between the QFP and the andesites and may represent the southwest extent of the La Lamosa Ridge area, due to a fault offset. Another fault has been reported 110 m to the northeast which is oriented 310° dipping -75° to the southwest. On the northwestern edge of the hematitic zone, the contact between the QFP and the andesites has been determined to be oriented approximately 030°. 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.

The results obtained from the core diamond drilling program in the La Lamosa Ridge area, clearly indicate the presence of anomalous gold, silver and, to lesser extent, copper mineralization and warrants further investigation.

8.0 DEPOSIT TYPES

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

The Mercedes Project alteration and mineralization observed is hydrothermal in nature and exhibits many characteristics of a high sulphidation (HS) or acid-sulphate type. HS gold-silver deposits are common in plutonic-volcanic arcs and numerous examples exist in the Sierra Madre Occidental within the district. There have been many studies on epithermal deposits and a detailed compilation of characteristics and genetic models of this diverse style is summarized in Heald et al. (1987). HS 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. Local examples include Alamos Gold's Mulatos Deposit, 40 km east-northeast of the Mercedes Project and Agnico Eagle's La India Project, roughly 40 km northeast of the Mercedes Project.

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 (QFP). 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.

9.0 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. (Gambusino Prospector) 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.

9.1 TARGETS

At the Mercedes property, 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. The location of the seven target areas is shown in Figure 9.1.

Figure 9.1
The Location of the Seven Target Areas Shown at the Mercedes Property

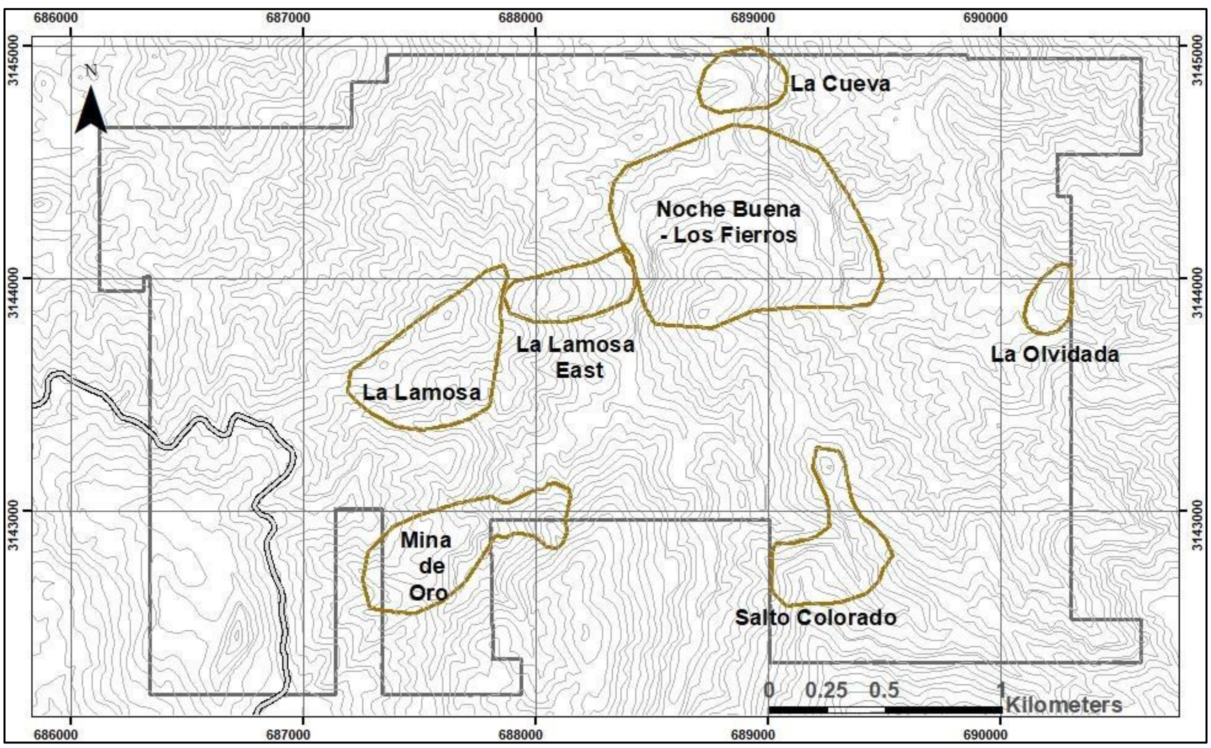


Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.
Topographic contour lines are 20 m apart.

9.1.1 Target Descriptions

9.1.1.1 La Lamosa Ridge Target

Most of the work so far by Magna and previous companies has been concentrated on La Lamosa Ridge, where the third drilling campaign has just finished, and results are about to be released. 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 Project. Figure 9.2 shows a view of La Lamosa Ridge as seen from the road.

Figure 9.2
La Lamosa Ridge, as Seen from the Road

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

The trace of a quartz – tourmaline breccia extends nearly 500 m along a 45° azimuth and up to 75 m 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 m 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 (Figure 9.3). The rock texturally looks more like a volcanic rock, but the setting and shape point more to an intrusive origin.

Figure 9.3
Felsic Igneous Rock at the Core of the Mineralized Zone at La Lamosa Ridge

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.1.1.2 Salto Colorado Target

The Salto Colorado target is a breccia body oriented on a 60° to 70° azimuth, 300 m long by 60 to 150 m in width, with two lobes that increase its length on the eastern end (Figure 9.4). The major lobe is oriented to the north, with a 20-30 m width and a length of approximately 150 m. The other lobe is oriented to the east, 70 m in length and 25 m in width. The silicified rib has a minimum elevation of 1,140 m and a maximum elevation of 1,260 m.

Figure 9.4
Salto Colorado Target, View looking Southeast from La Lamosa Ridge

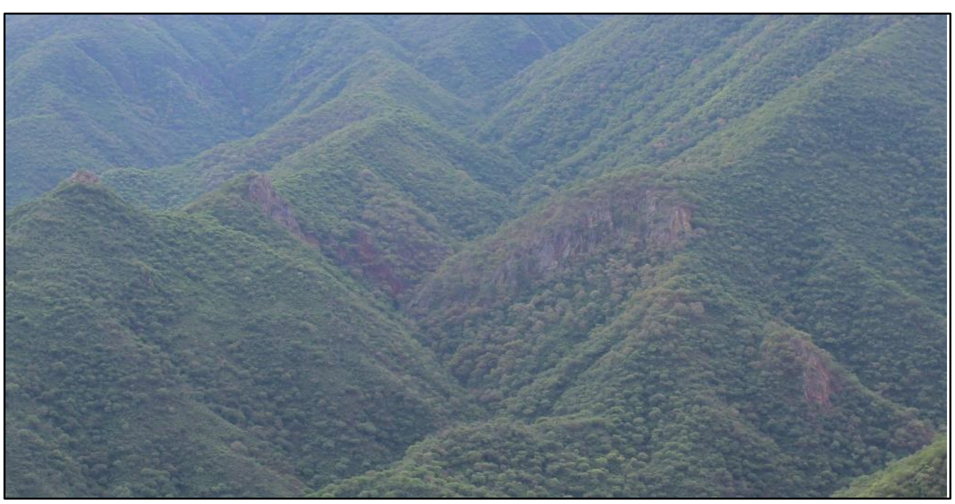


Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

The Salto Colorado target consists of a quartz tourmaline breccia with varying degrees of brecciation and sulphide content (Figure 9.5). 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 m 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 m by 30 m and possibly a breccia pipe, is included within this target due to its proximity, as it is only 160 m north of the furthest extent of the north lobe outcrop. The separate breccia body is locally known as the Reyecitos breccia, after the artisanal miner that worked on it.

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.

Figure 9.5
Salto Colorado Quartz Tourmaline Breccia at Stream Level, showing Sulphide Content and Strong Jarosite Staining

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

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 a 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%. Figure 9.6 shows coarse lead and copper mineralization from the working at the Salto Colorado target.

Figure 9.6
Coarse Galena on Quartz from the Old Workings at the Salto Colorado Target

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.1.1.3 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 m x 120 m 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 m high scarp on the eastern side of the stream that cuts through it (Figure 9.7). 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.

Figure 9.7
Noche Buena Ridge on the Eastern Side of the Stream*

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.
*Face of the ridge shows minor copper staining.

The SGM did an evaluation of the breccia, measuring it at 150 m by 150 m, 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. Figure 9.8 shows a tourmaline lined quartz veinlet displaying a chalcopyrite pod approximately 2 cm in width, hosted in granodiorite.

Figure 9.8
Tourmaline Lined Quartz Veinlet Displaying a Chalcopyrite Pod, Hosted in Granodiorite

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

The Los Fierros portion of the target displays two breccia bodies that have seen minor small-scale mining for tungsten (Figure 9.9). The northern most breccia is about 300 m long and possibly 30 m 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 m long by 50 m wide, from the top of the hill to the stream base. Minor copper staining was observed on the latter ridge, near the hill summit (Figure 9.10). 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 m grading 0.13 g/t gold, 10 g/t silver and 1,551 ppm copper, including 3.8 m grading 0.195 g/t gold and 3 m grading 4,072 ppm copper. Those values are related to minor oxidized sulphide veining, minor green and black copper oxides and a 2 cm quartz veinlet with a black mineral interpreted as chalcocite.

Figure 9.9
Los Fierros Target Breccias as Seen from the Recently Built Road to the Stream, Looking NE

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.
Note that the elevation ranges from 960 to 1,200 m above sea level in the photograph.

Figure 9.10
Los Fierros Quartz Tourmaline Breccias, Locally Displaying Copper Staining

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.1.1.4 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 (Figure 9.11). The corridor is 750 m long, 25 to over 100 m in width, encompassing nearly 300 m 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.

Figure 9.11
Strongly Hematite Stained Quartz – Tourmaline Breccia and Vuggy Quartz Float from the La Lamosa Ridge to Los Fierros Corridor

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.1.1.5 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 (Figure 9.12).

Figure 9.12
Mina Vieja Workings on the Mina de Oro Target

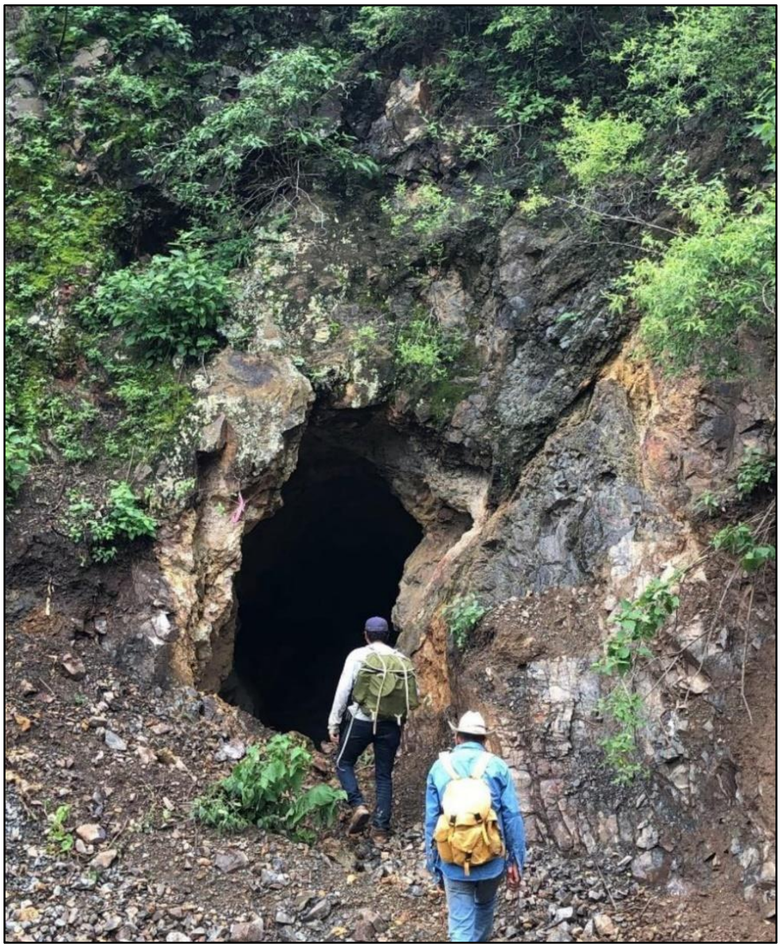


Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

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 m 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. Figure 9.13 shows the copper staining on andesitic rock on trend with Mina de Oro and the strong quartz – sericite – pyrite alteration on the flow banded rock. 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.

Figure 9.13
Left – Copper Staining on Andesitic Rock, Right – Strong Quartz – Sericite – Pyrite Alteration on Flow Banded Rock

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

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.

9.1.1.6 La Cueva Target

This is the northernmost target, located less than 200 m from the edge of the claim. The target is at least 300 m long by 10 to 50 m in width, spanning 50 m of altitude, and oriented east-west. A quartz – tourmaline breccia 150 m long outcrops on both sides of the La Palmita stream, being concealed under stream and slope deposits for nearly 100 m 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.

Figure 9.14 represents four views of the La Cueva target.

Figure 9.14
Four Views of the La Cueva Target*

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

* **Upper Left**.- Quartz ridge on eastern side of the La Cueva target. **Upper Right**.- Quartz – sericite alteration halo of quartz-tourmaline veinlets hosted in granodiorite on the western side of the La Cueva target. **Lower Left**.- View to the west from the quartz ridge. A distinct quartz outcrop can be seen just across the stream. **Lower Right**.- Strong copper staining on structure developed on quartz and aplite contact.

9.1.1.7 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 m, is about 15 m wide and seems to straddle the contact between the granodiorite and the volcanic rocks. Figure 9.15 shows the La Olvidada ridge, which can be seen at the centre of the photograph when looking east from the La Lamosa Ridge.

Figure 9.15
La Olvidada Ridge (Centre of Photograph) Looking East from La Lamosa Ridge

Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.2 MAGNA PRELIMINARY GEOCHEMISTRY BY XRF

Magna geologists utilized a 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. Table 9.1 summarizes some of the XRF readings for the Salto Colorado, Mina Vieja and Noche Buena targets.

Table 9.1
Summary of Some XRF Readings for the Salto Colorado, Mina Vieja and Noche Buena Targets

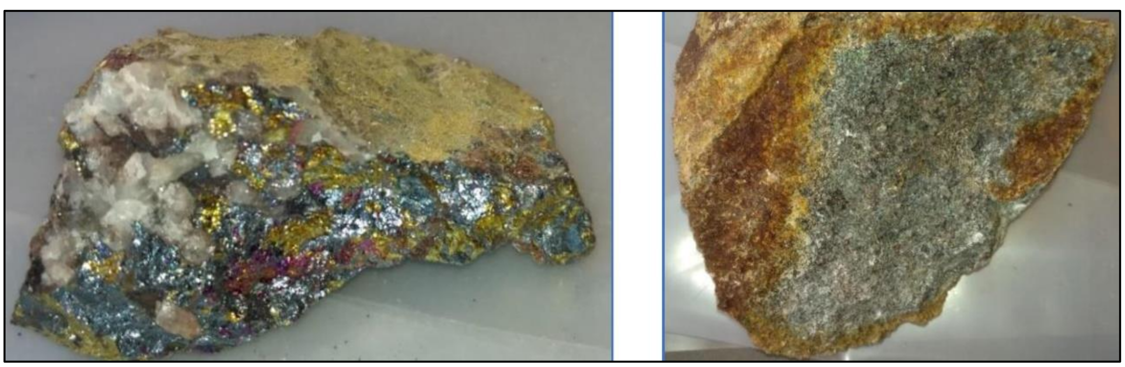
Reading	Area	Mode	Copper (%)	Zinc (%)	Silver (ppm)	Gold (ppm)	Lead (%)
#3-1	El Salto	Geochem	23.02	0.176	14.6	N/D	0.306
#5-1	El Salto	Geochem	0.87	<LOD	10.5	N/D	19.930
#7-1	El Salto	Geochem	26.60	0.108	14.1	N/D	0.486
#9-1	El Salto	Geochem	0.00	0.072	3	N/D	0.004
#10-1	El Salto	Geochem	8.19	0.359	18.5	N/D	9.900

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

Table taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

As summarized in Table 9.1, 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. Figure 9.16 show photographs of Sample 3-1 and Sample 15-1.

Figure 9.16
Photographs of Sample 3-1 (Left)* and Sample 15-1 (Right)*



*Left.- Sample 3-1. Chalcopyrite-galena deposited on a quartz drusy cavity of the El Salto breccia.
* Right.- Sample 15-1. Quartz-sericite-pyrite alteration on fine grained granodiorite.
Figure taken from the Mercedes Project Reconnaissance and Target Selection, 2019 report.

9.3 MICON QP COMMENTS

Micon and the QPs have reviewed the exploration work conducted prior to Magna, as well as that conducted by Magna. Micon and the QPs believe that the Project warrants further exploration to define and expand upon the existing mineralized zones on the property.

10.0 DRILLING

10.1 2019 MAGNA DRILLING PROGRAM

10.1.1 General Information

From July to September, 2019, Magna conducted a drill program comprised of 21 RC holes for 2,723.39 m, distributed along a 300 m 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.

Two previous historical drilling campaigns were performed on the Mercedes property, the first one in 1996 was an RC drilling program consisting of 15 drill holes totalizing 1,018 m by Minera Fernanda and the second in 2008, when Norma Mines completed a core drill program of 10 holes for 1,133 m on two targets, La Lamosa Ridge and Mina del Oro. Both of these targets are within the mining concessions currently under control of Magna. Data and discussion of these programs were summarized in the 2008 Technical Report by Luc Rioux, with Table 10.1 and Table 10.2 detailing the collar information from that report.

Geographic data for the two previous drill campaigns were surveyed using the datum WGS. In the Technical Report prepared in 2011 for Parlane Resource Corporation (Parlane) these were changed to datum NAD 27. In the 2019 the exploration works of Magna, the datum used was WGS84. All information generated by Magna was surveyed in or converted to datum WGS84.

Table 10.1
Summary of the 1996 RC Drilling Program on the Mercedes Property

Hole Number	Datum WGS-84 Zona 12		Elevation ASL	Azimuth (°)	Dip (°)	Length (m)
	Easting	Northing				
YRC-1-1	687,499	3,143,733	1,282.0	65º	-70º	30.0
YRC-1-2	687,498	3,143,735	1,282.0	50º	-60º	75.0
YRC-2	687,571	3,143,796	1,320.0	85º	-60º	90.0
YRC-3	687,563	3,143,790	1,320.0	200º	-60º	100.0
YRC-4	687,628	3,143,837	1,323.0	101º	-60º	60.0
YRC-5	687,651	3,143,853	1,325.0	0º	-90º	45.0
YRC-6	687,518	3,143,770	1,289.0	157º	-60º	72.0
YRC-7	687,520	3,143,706	1,279.0	145º	-80º	66.0
YRC-8	687,649	3,143,846	1,324.0	160º	-60º	70.0
YRC-9	687,615	3,143,754	1,285.0	316º	-60º	70.0
YRC-10	687,582	3,143,818	1,316.0	140º	-70º	66.0
YRC-11	687,505	3,143,710	1,279.0	130º	-70º	70.0
YRC-12	687,520	3,143,719	1,282.0	0º	-90º	48.0
YRC-13	687,520	3,143,705	1,279.0	40º	-60º	70.0
YRC-14	687,564	3,143,789	1,320.0	153º	-60º	86

Taken from internal Magna 2019 Drilling report.

Table 10.2
Summary of the 2008 Diamond Drilling Program on the Mercedes Property

Hole Number	Datum WGS-84 Zona 12		Elevation ASL	Azimuth (°)	Dip (°)	Length (m)
	Easting	Northing				
MER-08-01	687,592	3,143,815	1,328	110	-70	165.0
MER-08-02	687,567	3,143,796	1,328	140	-60	133.5
MER-08-03	687,544	3,143,716	1,305	40	-60	137.0
MER-08-04	687,440	3,143,700	1,286.	140	-65	153.0
MER-08-05	687,436	3,143,528	1,266	140	-65	83.0
MER-08-06	687,294	3,143,595	1,287	140	-65	89.0
MER-08-07	687,512	3,142,871	1,217	320	-60	87.0
MER-08-08	687,659	3,142,934	1,168	330	-70	130.0
MER-08-09	687,660	3,142,933	1,172	330	-50	77.0
MER-08-10	687,650	3,142,884	1,181	150	-50	58.5

Taken from internal Magna 2019 Drilling report.

10.2 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 250-300 m, over a width of 60 m and up to 40 m 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 spaces 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 MER-08-01 (2008) versus MER-19-001 (Magna, 2019) and MER-08-02 (2008) versus MER-19-003. RC hole number MER-19-001 confirmed gold and silver mineralization from surface to 117 m down the hole with an average grade of 0.520 g/t gold. The existing database for MER-08-001 shows mineralization over the same interval averages 0.493 g/t gold. Magna's second twin drill hole was the MER-19-003 which twinned 2008 drill hole MER-08-02. A comparison using the same distance from 0.00 m to 117 m along the holes averaged 0.359 g/t gold for the MER08-03 and 0.0541 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.

A comparison of the assay results was conducted using 3 m composites. This was due to the 2008 core holes having sample widths of 1 to 1.5 m, while, in the case of the 2019 RC drill holes, the sample length was systematically 1.5 m. The bar graphs in Figure 10.1 and Figure 10.2 illustrate the distribution of the gold values for both the 2008 hole and 2019 twin holes.

Figure 10.1
Comparison of Three Metre Composite Assay Results for MER-08-01 Versus MER -19-01

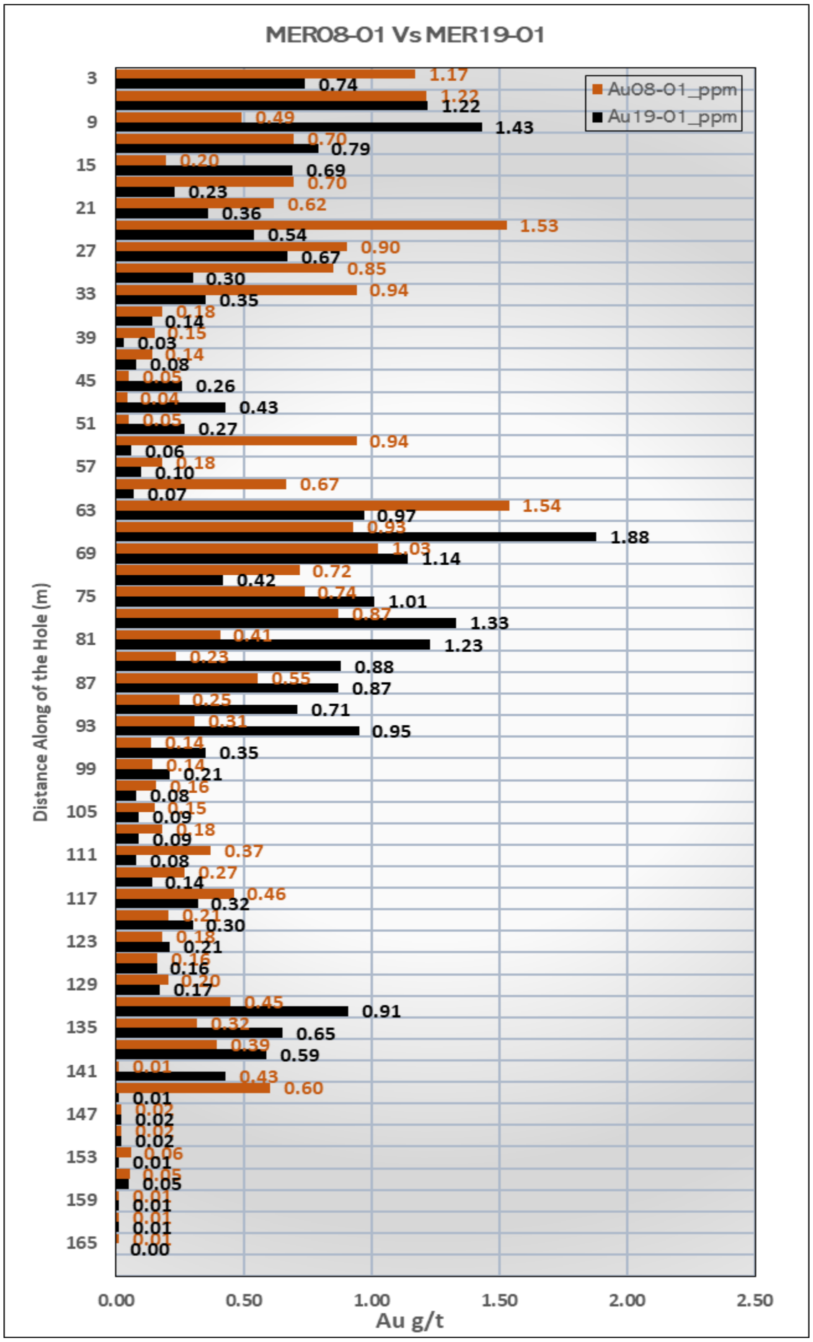


Figure taken from internal Magna 2019 Drilling report.

Figure 10.2
Comparison of Three Metre Composite Assay Results for MER-08-02 Versus MER -19-03

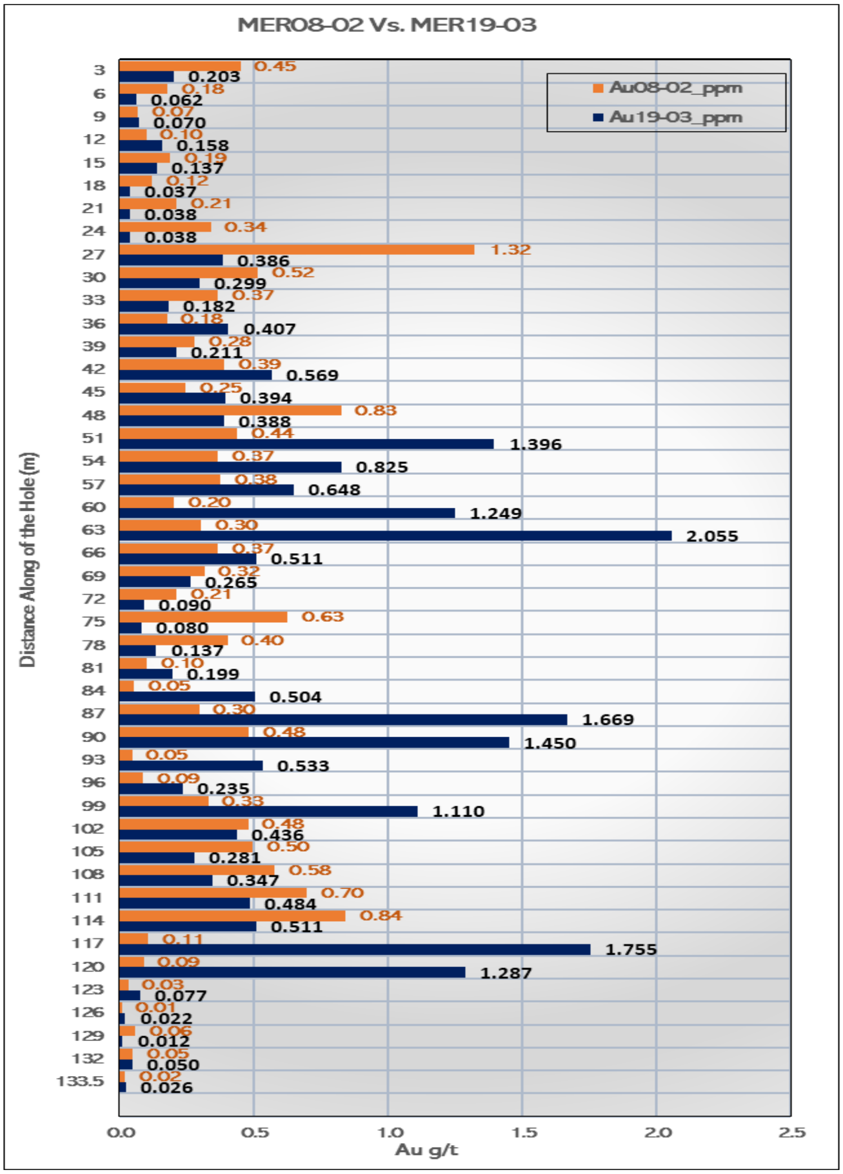


Figure taken from internal Magna 2019 Drilling report.

As illustrated in Figure 10.1 and Figure 10.2, 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.

Table 10.3 is a comparison of gold and silver values throughout the mineralized intervals for each twin drill hole. It accepts the original intervals indicated by the 2008 drill holes and adjusts the results of the 2019 drill holes as much as possible for the distances.

Table 10.3
Comparison of the 2008 and 2019 Mineral Interceptions for the Twin Holes on La Lamosa Ridge*

RC Hole No.	From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)	Core Hole No.	From (m)	To (m)	Width* (m)	Au (g/t)	Ag (g/t)
MER19-001	**0.00**	**135.64**	**135.64**	**0.533**	**8.90**	**MER08-01**	**0.00**	**144.00**	**144.00**	**0.484**	**12.61**
	0.00	17.00	17.00	**0.895**	6.13		0.00	17.00	17.00	**0.943**	3.02
Include	17.00	33.53	16.53	**0.429**	3.06	And	17.00	32.00	15.00	**1.050**	13.60
And	44.20	48.77	4.57	**0.521**	3.00						
And	47.24	48.77	1.52	**0.693**	1.00						
And	60.96	97.54	36.58	**0.972**	9.86	And	51.00	80.00	29.00	**0.888**	8.28
Include	60.96	68.58	7.62	**1.545**	2.06	Include	59.00	64.00	5.00	**1.476**	1.40
Include	71.63	80.77	9.14	**1.199**	13.12						
Include	80.77	92.96	12.19	**0.858**	5.64	And	85.00	87.00	2.00	**0.533**	19.60
And	111.30	120.40	6.10	**0.317**	18.05						
And	121.92	123.44	1.52	**0.228**	6.00						
And	123.44	124.97	1.52	**0.164**	85.20						
And	128.02	140.21	12.19	**0.656**	9.81						
Include	129.54	131.06	1.52	**1.511**	11.50						
Include	134.11	135.64	1.52	**1.089**	7.20	And	136.00	137.00	1.00	**0.990**	2.40
MER19-003	**0.00**	**120.40**	**120.40**	**0.540**	**22.40**	**MER08-02**	**0.00**	**113.00**	**113.00**	**0.370**	**10.70**
	0.00	1.52	1.52	**0.296**	7.90						
And	9.14	10.67	1.52	**0.229**	0.40						
And	12.19	13.72	1.52	**0.226**	15.60						
And	24.38	28.96	4.57	**0.409**	4.86		25.00	30.00	5.00	**1.063**	18.52
And	32.00	68.58	36.58	**0.739**	63.88	Include	26.00	27.00	1.00	**3.320**	15.00
Include	45.72	64.01	18.29	**1.105**	106.67	And	43.50	56.00	12.50	**0.511**	30.00
Include	79.25	120.40	41.15	**0.786**	5.63	And	64.00	68.00	4.00	**0.400**	4.70
Include	83.82	92.96	9.14	**1.238**	11.56	And	72.00	77.00	5.00	**0.592**	20.30
Include	96.01	97.54	1.52	**1.731**	1.30	And	84.00	89.00	5.00	**0.416**	5.70
And	108.20	118.87	10.67	**1.093**	4.46						

Table taken from internal Magna 2019 Drilling report.
*Note: Both the original and twin holes were drilled along the down dip direction of the mineralization. Thus, there are no estimated true widths for the mineralization in these drill holes.

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 m along an azimuth of 40°, with a variable width ranging from 40 m to 60 m 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 Mercedes property with the highway from Hermosillo.

Table 10.4 summarizes the geographical RC collar data for the 2019 Magna drill holes.

Table 10.4
Summary of 2019 RC Collar Locations

ID Hole	Datum WGS84			Az (°)	Dip (°)	Total Length	Section
	East	North	Elevation (asl)				
MER19-001	687,589.93	3,143,814.65	1,330.21	110	-70	167.640	NE 150
MER19-002	687,589.17	3,143,815.06	1,330.14	0	-90	152.400	NE 150
MER19-003	687,563.84	3,143,797.31	1,330.93	140	-60	134.112	NE 125
MER19-004	687,618.29	3,143,791.08	1,322.97	320	-80	131.064	NE 150
MER19-005	687,658.39	3,143,835.97	1,340.14	0	-90	91.440	NE 225
MER19-006	687,658.67	3,143,837.46	1,340.14	320	-50	91.440	NE 225
MER19-007	687,575.09	3,143,780.04	1,324.14	320	-75	131.064	NE 100
MER19-008	687,575.82	3,143,779.55	1,324.12	0	-90	140.208	NE 100
MER19-009	687,600.59	3,143,739.48	1,293.58	0	-90	91.440	NE 100
MER19-010	687,546.50	3,143,717.71	1,291.14	320	-60	100.584	NE 050
MER19-011	687,616.63	3,143,680.83	1,255.43	320	-60	115.824	NE 075
MER19-012	687,566.83	3,143,633.29	1,254.25	320	-60	152.400	NE 025
MER19-013	687,610.42	3,143,607.23	1,221.12	320	-60	155.450	NE 025
MER19-014	687,585.69	3,143,712.27	1,277.98	320	-60	161.544	NE 075
MER19-015	687,645.03	3,143,764.23	1,299.48	320	-70	128.016	NE 150
MER19-016	687,644.85	3,143,896.91	1,313.87	140	-45	112.776	NE 250
MER19-017	687,713.01	3,143,844.08	1,306.31	235	-45	161.544	NE 275
MER19-018	687,524.00	3,143,705,.00	1,290.00	320	-60	100.584	NE 025
MER19-019	687,568.00	3,143,726.00	1,291.00	320	-60	152.400	NE 075
MER19-020	687,557.00	3,143,751.00	1,300.00	320	-60	100.584	NE 075
MER19-021	687,570.00	3,143,693.00	1,275.00	320	-80	150.876	NE 050

Table taken from internal Magna 2019 Drilling report.

All of the 2019 RC holes had their collars accurately surveyed and each had a downhole survey conducted on it. In the case of the twin drill holes, the Magna holes were drilled approximately 1 m apart from the collar location of the 2008 core holes. In both cases for the twin holes, the original 2008 cement monuments were located.

Figure 10.3 shows the topographic survey conducted with the GPS of the 2019 RC drill holes. This figure also shows the 2019 monuments placed on the drill sites

Figure 10.4 show the monument for 2008 drill hole MER08-003.

Figure 10.5 illustrates the distribution of the drill holes along the La Lamosa Ridge, with the 2008 core holes considered as part of the supporting exploration data for the property since, the twin holes demonstrated that the 2008 drill information remains valid.

Figure 10.3
Topographic Survey with GPS of the 2019 RC Drill Holes

Figure taken from internal Magna 2019 Drilling report.

Figure 10.4
Cement Monument for Core Hole MER08-003 Located on the Central Portion of La Lamosa Ridge

Figure taken from internal Magna 2019 Drilling report.

Figure 10.5
Map Showing the Locations of the 2019 RC Drill Holes on the La Lamosa Ridge

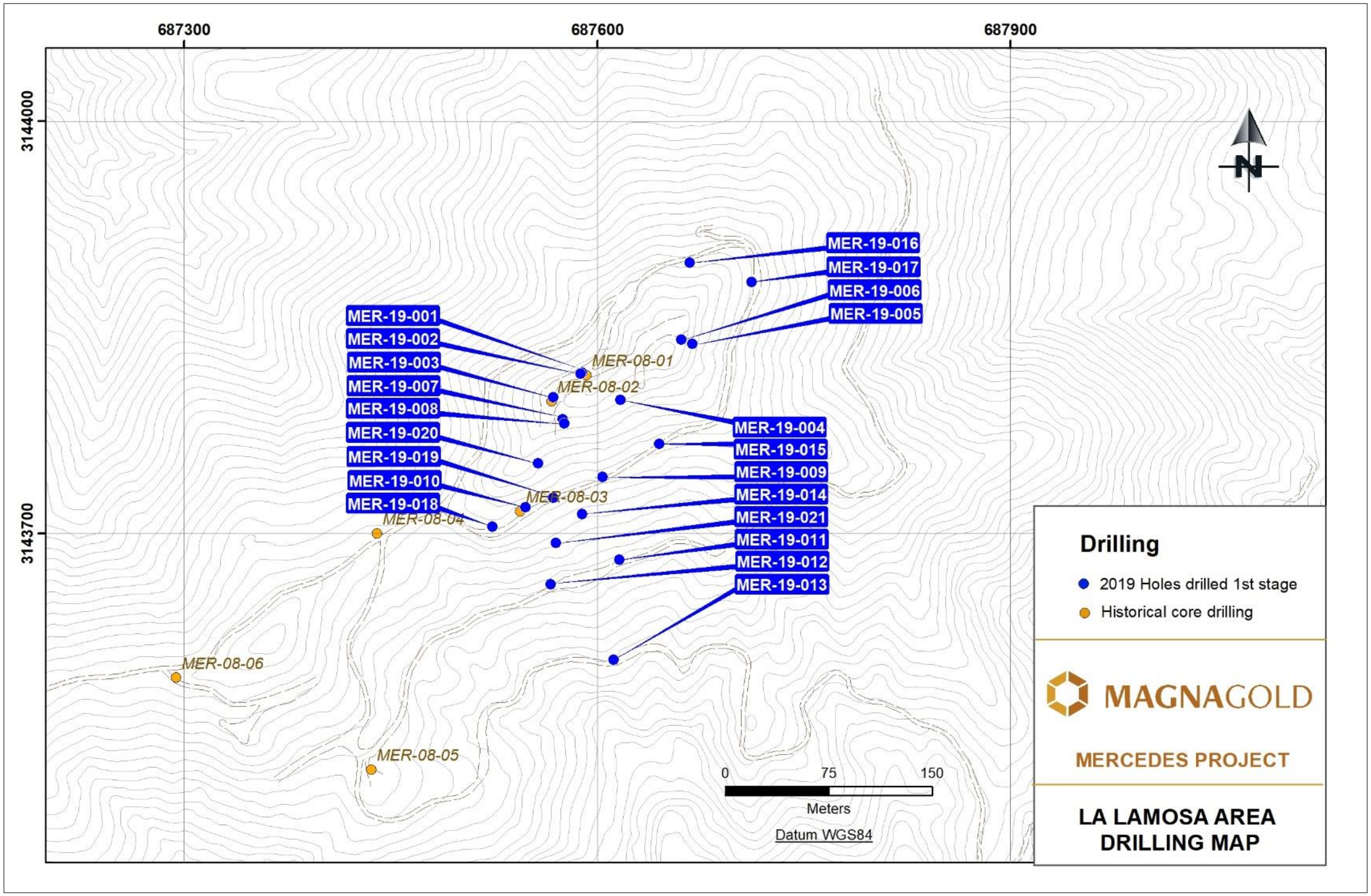
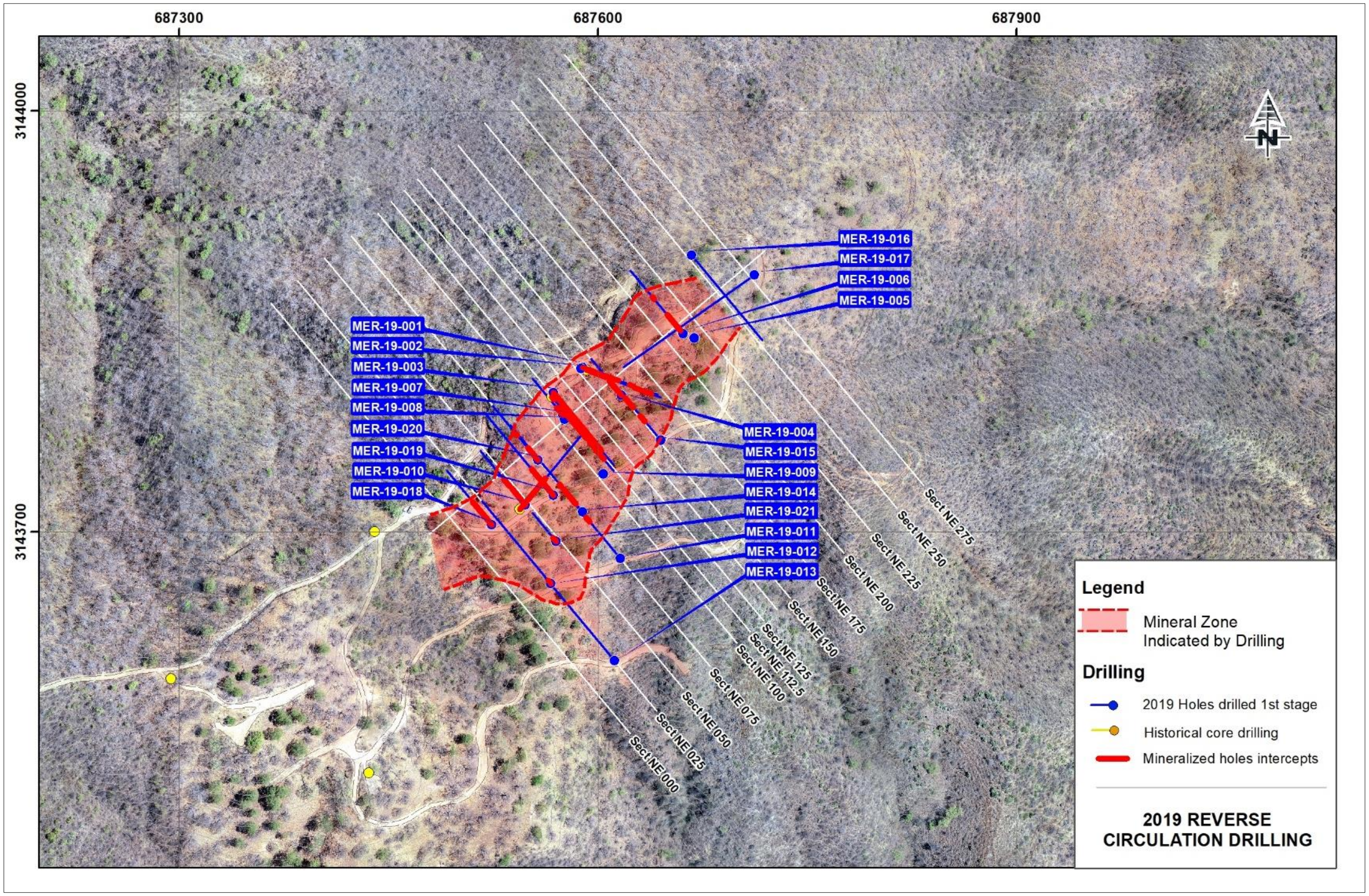


Figure taken from internal Magna 2019 Drilling report.

Drill holes MER19-001 and MER19-002 were drilled parallel to MER08-01 and MER08-03. Both are located practically in the centre of the La Lamosa Ridge, with 50 m between the twin holes along strike. Most of the drill holes were programmed to transversally intercept the mineralized zone, based on the interpretation derived from the geological mapping and the results of the systematic surface rock sampling, combined with the data from the 2008 drill program. The 2019 drill holes were drilled with an azimuth of either 320° or 140° and inclined between -90° to -45°. The change of azimuth was a result of the difficulty in accessing certain sites originally planned along the ridge. The drill holes are distributed to the northeast and southwest of the first two drill holes and across section-line N40°SE, as shown on the map in Figure 10.6.

Table 10.5 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.

Figure 10.6
Map for the 2019 RC drill Program on the La Lamosa Ridge*



*Includes the system of cross-sections designed for geology and mineral interpretation, showing the projections of the gold mineral intercepts.
Figure taken from internal Magna 2019 Drilling report.

Table 10.5
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**
	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**

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
	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

Table taken from internal Magna 2019 Drilling report.

10.3 MICON QP COMMENTS

Micon and the QP have reviewed Magna's exploration drilling program and the resulting data derived from it. Micon and the QP believe that Magna's drilling program was conducted following industry best practices for exploration programs. Micon and the QP also believe that the data generated by the Magna drilling program and its twinning of the 2008 drilling program holes are sufficient to allow the data to be used as the basis for a mineral resource estimate.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 2019 MAGNA PROCEDURES FOR HANDLING, LOGGING AND PREPARING SAMPLES

All the data in the database come from the RC drilling conducted from July, 2019 to September, 2019 by Magna. The drilling was conducted in two phases. During the first phase, a total of 2,218.94 m was drilled, and a second phase was completed in the third week of September, during which a further 504.44 m were drilled. The first phase of drilling consisted of 17 holes with an average depth of 130 m, a maximum length of 167.54 m and minimum of 91.44 m. The second phase consisted of 504.44 m in 4 holes. The total 2019 drilling consisted of 2,723.39 m in 21 RC holes.

Magna has provided the following description of the 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 personal of Bureau Veritas at the direction of Magna.

1. The samples collected consisted of rock chips which varied in particle size from 1/4” (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 discharge 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 method of splitting the samples derived from the reverse circulation drilling was as follows:

    The entire sample interval collected in the containers is passed through the riffle splitter twice before the final sample. Sampling was conducted at 5 ft or 1.524 m 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 23-25 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 desecration, 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 10-12 kg RC samples for each drill interval are bagged individually in biodegradable bags, and then 4 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.

Bureau Veritas operates a network of independent laboratories. Its website states that “increasingly, our laboratories are certified to ISO 17025”.

11.2 SAMPLE SECURITY

The following is a description by Magna of the steps undertaken to ensure the security of the samples taken during its 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.

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.

11.3 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.

11.4 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.

11.4.1 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. Table 11.1 summarizes the comparison between the grade of each of the standard reference samples and the average grade Bureau Veritas obtained for each of the standards.

Table 11.1
Comparison Between the Grades of Standard Reference Samples and the Bureau Veritas Grades

Standard ID	153b	601b	604b
Number of samples	21	18	17
Average grade of samples	0.327	0.791	1.697
Standard reference grade	0.313	0.775	1.690
Standard Deviation	0.0120	0.163	0.0455
Bias	4.6%	2.0%	0.4%
Outliers	1 (+)	1 (-)	1 (-)

Table taken from internal Magna 2019 Drilling report.

Figure 11.1 to Figure 11.3 are plots showing the repeatability of the standard reference assays.

Figure 11.1
Precision Plot – Gold in Reference Standard 153b for the Mercedes Project

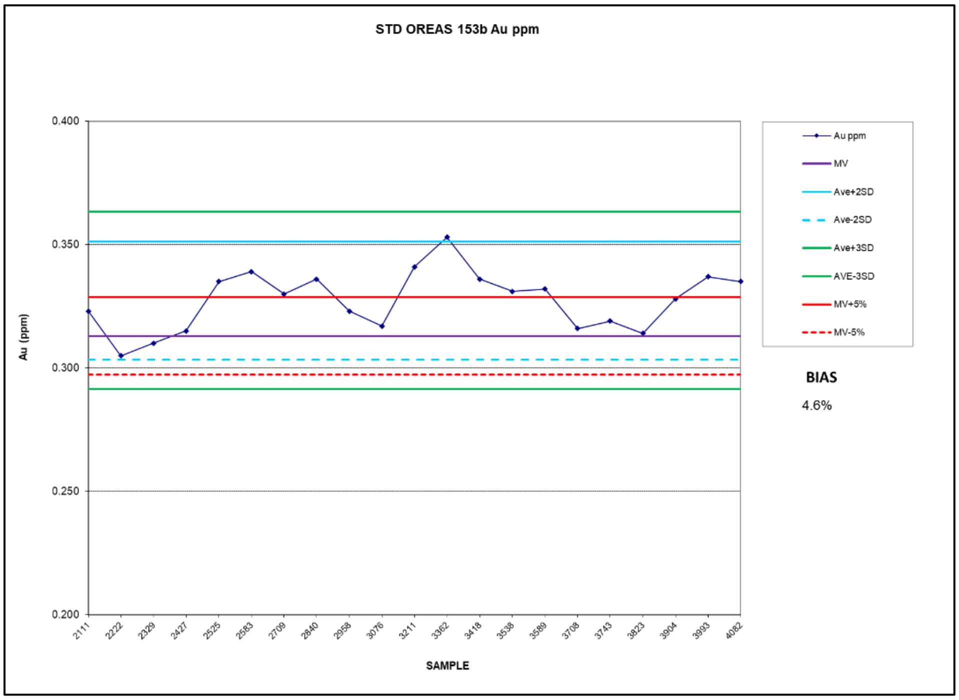


Figure taken from internal Magna 2019 Drilling report.

Figure 11.2
Precision Plot – Gold in Reference Standard 601b for the Mercedes Project

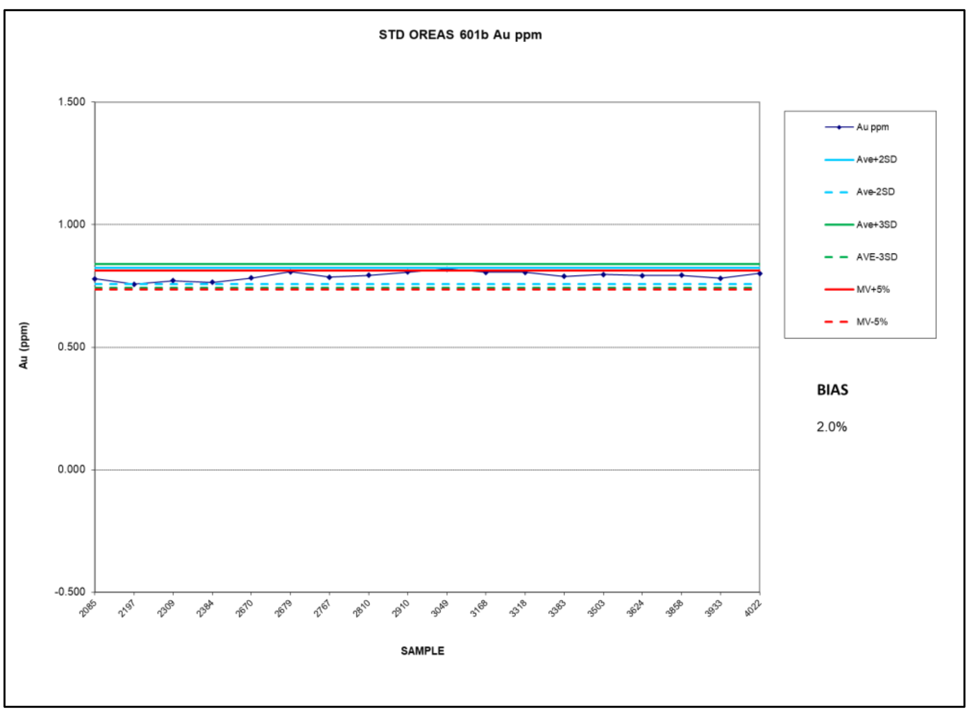


Figure taken from internal Magna 2019 Drilling report.

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Figure 11.3
Precision Plot – Gold in Reference Standard 604b for the Mercedes Project

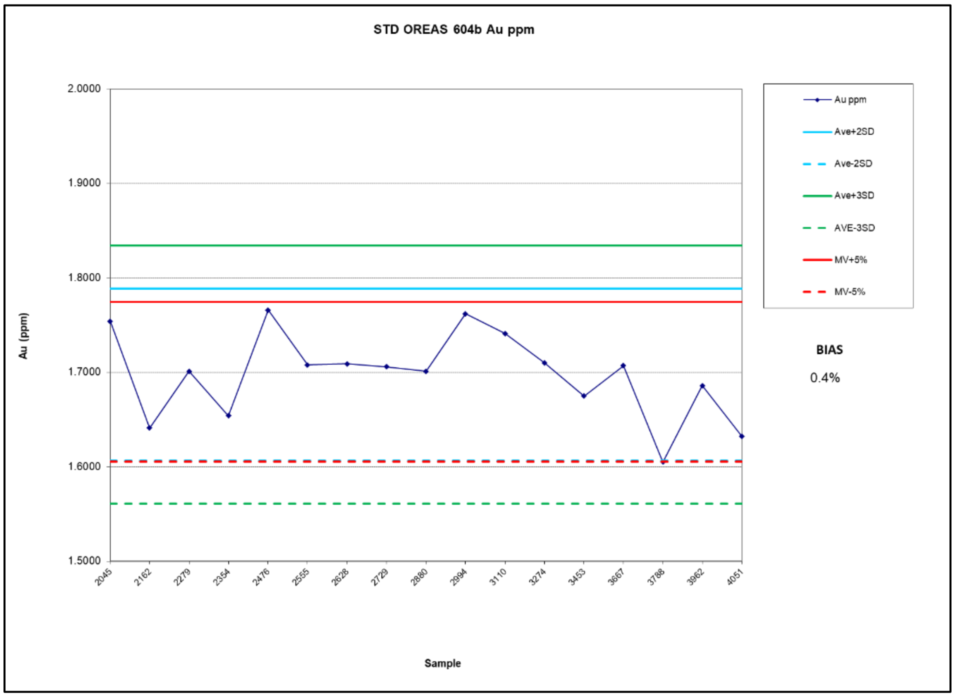


Figure taken from internal Magna 2019 Drilling report.

11.4.2 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.

Table 11.2 and Table 11.3 summarize the overall results for the blanks assays.

Table 11.2
Summary of the Fine Blank Assays for the 2019 La Lamosa Ridge Drilling

Description	Results
Samples	49
Mean Grade (Au g/t)	0.0029
Maximum Grade (Au g/t)	0.0080
Minimum Grade (Au g/t)	0.0025

Table taken from internal Magna 2019 Drilling report.

Table 11.3
Summary of the Coarse Blank Assays for the 2019 La Lamosa Ridge Drilling

Description	Results
Samples	51
Mean grade (Au g/t)	0.0035
Maximum grade (Au g/t)	0.0240
Minimum Grade (Au g/t)	0.0025

Table taken from internal Magna 2019 Drilling report.

11.4.3 Duplicate Samples

Duplicates 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. Table 11.4 summarizes the original and duplicate samples for both the field duplicates and laboratory duplicates.

Table 11.4
Summary of the Results for the Duplicate Samples, 2019 Drill Program

Concepts	Field Duplicates		Laboratory Duplicates	
	Original	Duplicate	Original	Duplicate
Number of pairs	50	50	44	44
Average grade	0.094	0.088	0.233	0.221
Maximum	0.548	0.532	1.996	2.035
Minimum	0.003	0.003	0.003	0.003
Absolute difference between average grades		-0.006		-0.011
Difference%		-6.751%		-5.186%
		0.9917		0.9855

Table taken from internal Magna 2019 Drilling report.

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.

Figure 11.4 and Figure 11.5 are graphs showing the comparison of the original and duplicate samples for both the field duplicates and laboratory duplicates.

Figure 11.4
Comparison between Original and Field Duplicate Samples

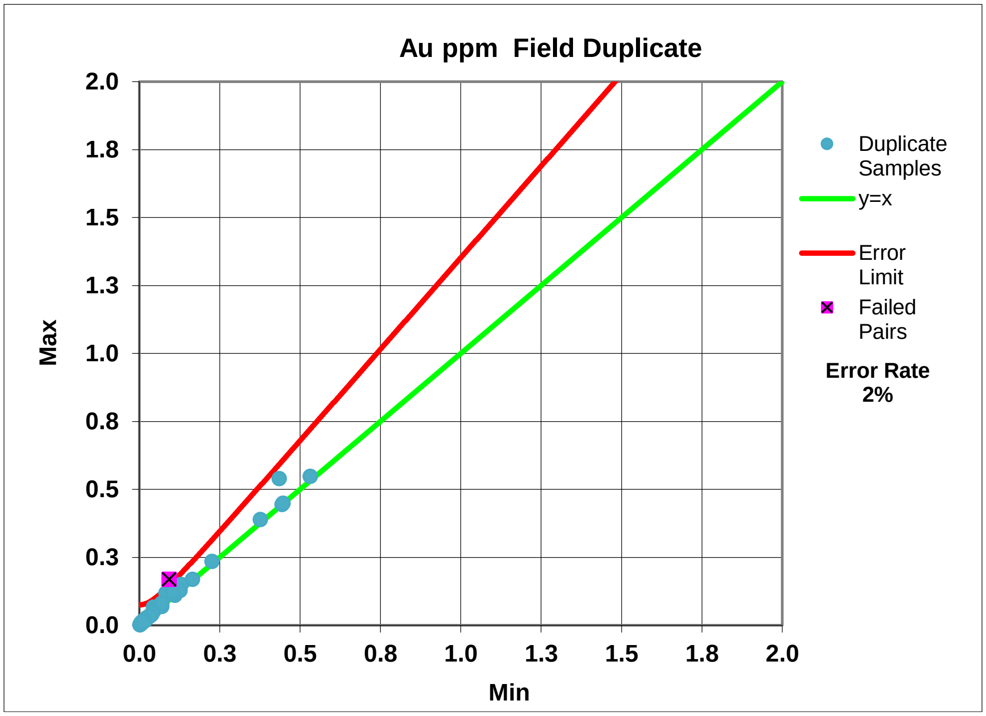


Figure taken from internal Magna 2019 Drilling report.

Figure 11.5
Comparison between Original and Laboratory Duplicate Samples

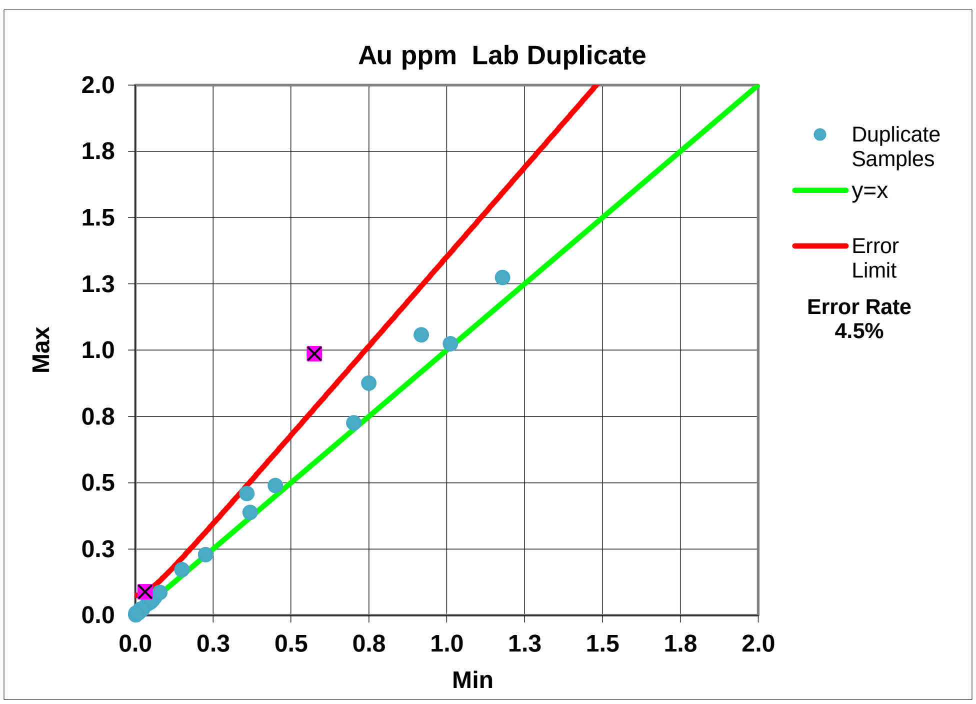


Figure taken from internal Magna 2019 Drilling report.

11.4.4 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 an independent laboratory which has ISO/IEC 17025:2005 accreditation.

Table 11.5 summarizes the correlation for the mean grade for ALS assays and BV assays for the duplicated pulps related to the RC drilling.

Table 11.5
Check Assaying Results for the 2019 Mercedes Drilling

Description	Results
Number of Samples	57
BV Mean Grade	0.9048
ALS Mean Grade	0.9064
Difference Between Means	-0.0016
Mean Difference %	-0.17%
Correlation Factor	0.9867

Table taken from internal Magna 2019 Drilling report.

Figure 11.6 is a scatter plot showing the correlation between Bureau Veritas and ALS assays for the same pulp samples.

11.5 MICON QP COMMENTS

Micon's QP has reviewed Magna's QA/QC procedures for the 2019 drilling campaign at the Mercedes Project. The QP believes that the program was conducted following CIM best practices and that the results are suitable to be used as the basis of a mineral resource estimate.

Figure 11.6
Scatter Plot showing the Correlation between Bureau Veritas and ALS assays for the Check Assay Pulp Samples

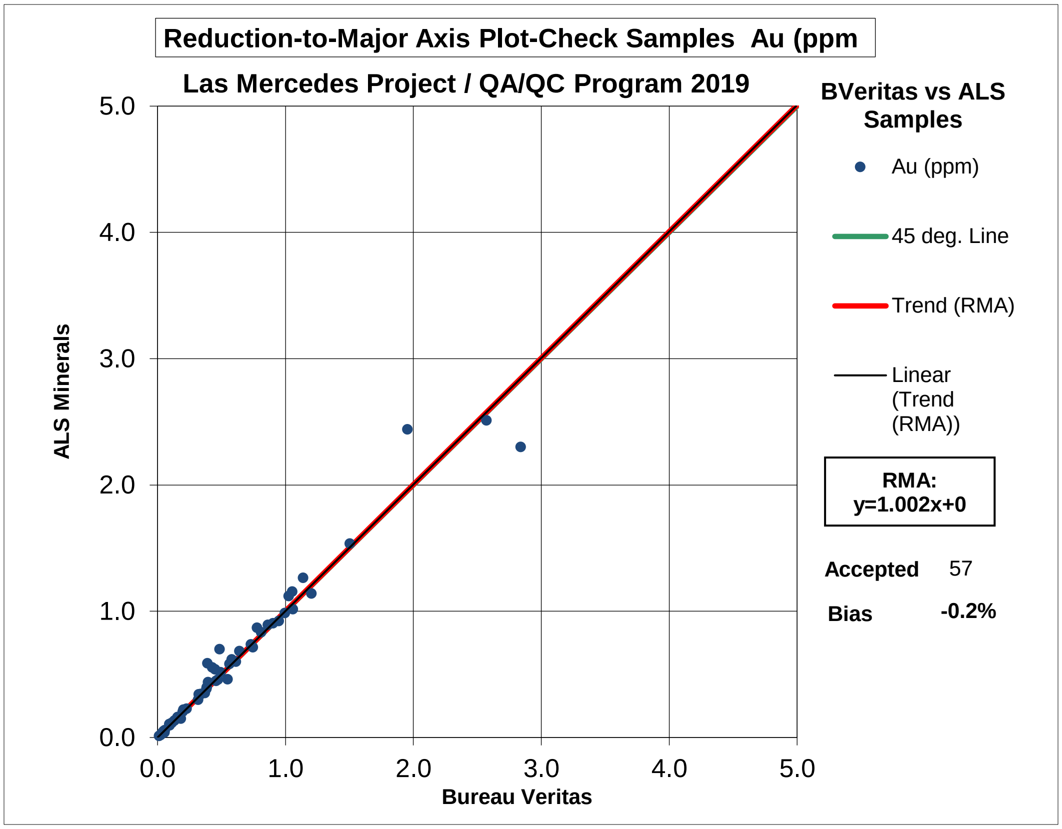


Figure taken from internal Magna 2019 Drilling report.

12.0 DATA VERIFICATION

12.1 SITE VISIT

The current site visit to the Mercedes Property 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. Rodrigo Calles-Montijo 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 is based in Hermosillo, México. Mr. Calles Montijo was requested by William J. Lewis (Micon), to complete the site visit, as required by NI 43-101 and which was unable to be executed by Micon due 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 Gold Corp.

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 to azimuth, inclination and total depth of each hole (Figure 12.1). 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.

Figure 12.1
Cement Monument for RC Hole MER19-005 and MER19-006

Micon, 2021.

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 m). One significant difference in the location was detected at hole MER9-20, where coordinates measured in the field show a difference of 10 m 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 m).

Magna conducted intensive surface sampling along the main access roads on the property. Rock-chip samples 2 m 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 MER-03 was collected in the area opened to extract material for the bottle roll metallurgical testwork completed in 2019 (Figure 12.2). The surface samples collected are identified in Table 12.1.

Figure 12.2
Sample MER-03 (2021) Taken in the Area used to Extract Material for the Metallurgical Testwork.

Micon, 2021.

Table 12.1
Surface Samples Collected During the 2021 Site Visit

Field ID (2021)	Lab ID	Historical Sample ID	WGS 84		Au (ppm)		RD	Description
			X	Y	2019	2021		
MER-01	494911	0404	687,575	3,143,782	0.839	0.760	10%	Rock with pervasive argilitzation , weak propylitic alteration and abundant FeOx. “Vuggy Textures”

Field ID (2021)	Lab ID	Historical Sample ID	WGS 84		Au (ppm)		RD	Description
			X	Y	2019	2021		
MER-02	494912	0269	687,520	3,143,706	0.396	0.144	93%	Rock with intense argilitzation , weak propylitic alteration and abundant FeOx. "Vuggy Textures"
MER-03	494913	3767	687,543	3,143,719	0.319	0.496	43%	Rock strongly argillized and witth abundant FeOx, more abundant along fraxtures. Source of maetrial for metallurgical test 2019.

RD = Relative Difference
Micon, 2021.

On January 15, 2021, Mr. Calles-Montijo visited the warehouse facilities of Magna, located in Hermosillo (Figure 12.3), Sonora. These facilities are currently used by Magna to store the sample pulps from previous drill campaign, as well as RC-chips trays. RC-sample rejects are currently stored at Magna facilities located in the town of Yécora, Sonora, located at a driving distance 30 km. Due the time constraints, these facilities were not visited.

Figure 12.3
Magna Warehouse Facilities in the city of Hermosillo, Mexico

Micon, 2021.

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. Table 12.2 shows the pulp samples selected and the comparative analysis.

Table 12.2
Pulp Samples from RC Drilling Collected during the 2021 Site Visit

Sample ID (2021)	Original Sample ID	Hole ID	From (m)	To (m)	Au (ppm)			Ag (ppm)		
					Original	Duplicate	RD	Original	Duplicate	RD
494901	2278	MER19-003	59.436	60.960	0.552	0.566	3%	10.4	10	4%
494902	2276	MER19-003	56.388	57.912	1.337	1.41	5%	30.8	27	13%
494903*	2354	MER19-003	24.384	25.908	1.654	1.7	3%	487	>100	
494904	2360	MER19-004	33.528	35.052	0.205	0.193	6%	20.4	16	24%
494905	2372	MER19-004	51.816	53.340	0.135	0.133	1%	37.8	35	8%
494906	2371	MER19-004	50.292	51.816	0.092	0.09	2%	37.4	34	10%
494907	2509	MER19-006	4.572	6.096	0.565	0.527	7%	64.3	58	10%
494908	2520	MER19-006	21.336	22.860	0.321	2.38	152%	52.2	47	10%
494909	3430	MER19-015	82.296	83.820	0.011	0.013	17%	<0.3	<2	
494910	3806	MER19-019	57.912	59.436	0.078	0.065	18%	0.8	<2	
Mean Values**					**0.495**	**0.708**	**35%**	**82.34**	**32.43**	**11%**

Micon, 2021.
*Original SRM inserted in sample batch. Not sufficient sample for Ag determination; RD=Relative Difference
** Values above and below detection limits (<,>), no considered in mean estimation.

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. Assay methods used for samples collected during the site visit are listed in Table 12.3.

Table 12.3
Assays Method used for the Analysis of the Samples Collected during the 2021 Site Visit

Stage	Method Code	Description
Sample Preparation*	PRP-91	Weigh, dry, (<3.0 kg), crush to 75% passing 2 mm, split 500 g, pulverize to 85% passing 75 microns
Gold Determination**	GO_FAA50V10	50 g, Fire assay, AAS finish
Multi-Element**	GE_ICP21B20	Two acid/aqua regia digestion/ / ICP-OES package (34 elements)
Silver determination** (>100 ppm)	GO_AAS21C50	0.5 g, 2-Acid digest, AAS finish

Source: * SGS Analytical Services, 2018; ** SGS Analytical Services, 2020.

The assays results included in the Sample Assay Excel spreadsheet were reviewed, comparing the entered results with the values reported on the assays 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 herein.

12.2 MICON QP COMMENTS

In general, Micon's QP's review of the material provided by Magna and discussions with technical staff of Magna and site visit observation, found that the data provided were adequate for the purpose of preparing a mineral resource estimate for the Mercedes Property.

Micon's QP field observations during the site visit related to the geological setting, indicated that the degree of alteration of the rocks in the main area of interest results in a complex differentiation of the original rock, since primary textures and minerology have been masked by the pervasive argilitizaton and oxidation. This results in a more complex RC chip logging. A petrographic study along selected zones of the deposits, as well as diamond drilling, should be considered to promote a better understanding of the diverse rocks that occur in the deposits and to improve the geological model.

The current suite of analyses used by Magna includes the determination of multielements using an aqua regia digestion (including Ag determination). This type of digestion provides a semi-quantitative or partial analysis, since some elements may not be fully dissolved by this technique. Micon recommends the use of multi-acid digestion methodology in order to generate a more accurate estimation of all elements analyzed.

Micon did not have access to RC-chip duplicates and/or rejects samples. It is recommended to complete the assay checking by adding some of these types of samples, in order to accurately assess the potential variation on the analysis. Assays verification using the screen metallic technique on single samples and/or sample composites may improve the confidence in the assays results, due the potential presence of coarse gold.

An adequate and reliable mineralogical characterization is recommended, in order to provide base information for the understanding and improvement of the metallurgical process that could potentially be applied for the extraction of minerals from the Mercedes Property.

No geotechnical information has been generated for the Project. Due the geological conditions observed during the site visit, the geotechnical features, associated with the intense alteration should be investigated.

No determination of specific gravity has yet been carried out. During the site visit, Micon noticed that the degree of alteration has a significant impact on variations in the density of the rocks. Specific gravity has direct impact on the estimation of mineral resources and must be properly addressed.

The data set provided by Magna has several issues apparently related to rounding. It is recommended to resolve this issue in order to generate a consistent and reliable dataset.

The warehouse located in Hermosillo stores the pulps and other base information of the drilling campaign. This facility needs to be better re-organized in order to maintain the integrity of the base information stored there.

Despite some of the issues noted, Micon and its QP believe that the data collected by Magna during its exploration and drilling program on the Mercedes Project were collected according to the best practices as set out by CIM and that these data can be used as the basis for a mineral resource estimate.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

A historical reference to metallurgical testing on material sourced from Mercedes property exists and is documented in Section 6.3 of this report. 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 resources. Magna has conducted its own initial metallurgical testwork and this is discussed in this Section.

13.1 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 (LTM) S.A de C.V 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

13.1.1 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 the sulphide mineralisation.

The seven samples had been crushed to minus 6 mesh (3.36 mm) 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. A summary of the results is provided in Table 13.1.

Table 13.1
Summary of Results for the 2019 BVM Bottle Roll Tests
(P_{80} = 76 microns)

Sample ID	Calc. Head Au (g/t)	Recovery Au (%)	Residue Grade Au (g/t)	Consumption (kg/t)	
				NaCN	$Ca(OH)_2$
Composite Minec4279	1.11	95.6	0.05	1.45	4.00
Composite 1	0.93	81.1	0.18	2.48	2.64
Composite 1A	0.94	80.5	0.18	2.22	2.68
Composite 2	0.31	75.9	0.08	2.57	2.30
Composite 2A	0.31	76.1	0.08	2.43	2.28
Composite 3	0.96	19.6	0.77	5.80	1.74
Composite 3A	0.95	18.2	0.78	5.58	1.88

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 Mercedes 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 mm). These tests used the same procedure as for the fine grind and the results are summarized in Table 13.2.

Table 13.2
Summary of Results for the 2019 BVM Bottle Roll Tests
(P_{100} = 2 mm)

Sample ID	Calc. Head Au (g/t)	Recovery Au (%)	Residue Grade Au (g/t)	Consumption (kg/t)	
				NaCN	$Ca(OH)_2$
Composite 1	0.98	77.8	0.22	2.15	1.73
Composite 1A	0.99	78.3	0.22	2.16	1.95
Composite 2	0.35	70.4	0.11	2.31	1.93
Composite 2A	0.35	70.7	0.10	2.29	1.87

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.

13.1.2 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-m 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 mm).

The total uncrushed sample used for the test weighed 152 kg and was loaded into an 8-inch (200 mm) diameter column. The column sample height was 4.4 m, 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 5 days and draining of 5 days, NaCN concentration of 0.375 g/L and pH controlled at >10.0 with lime. A summary of the final results is provided in Table 13.3.

Table 13.3
Summary of 2020 Column Leach Test Results

Element	Assay Head (g/t)	Calc. Head (g/t)	Extraction (%)	Residue Grade (g/t)	Consumption (kg/t)	
					NaCN	$Ca(OH)_2$
Gold	1.01	1.00	83.3	0.17	0.70	2.84
Silver	5.29	5.19	36.1	3.34		

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.

13.2 RECOMMENDATIONS

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 Mercedes property does exhibit refractory traits with regard to the recovery of gold and silver.

It is recommended that a series of cyanide leaching amenability tests be undertaken on all the different mineralization types and lithologies within the potential mineral resource envelope. This testwork would not only include the bench scale cyanide leaching test, but also a multi-element analyses, mineralogy and acid-base accounting.

Testwork is also recommended to investigate the potential for gravity separation and flotation to recover gold and silver from sulphide mineralization.

14.0 MINERAL RESOURCE ESTIMATES

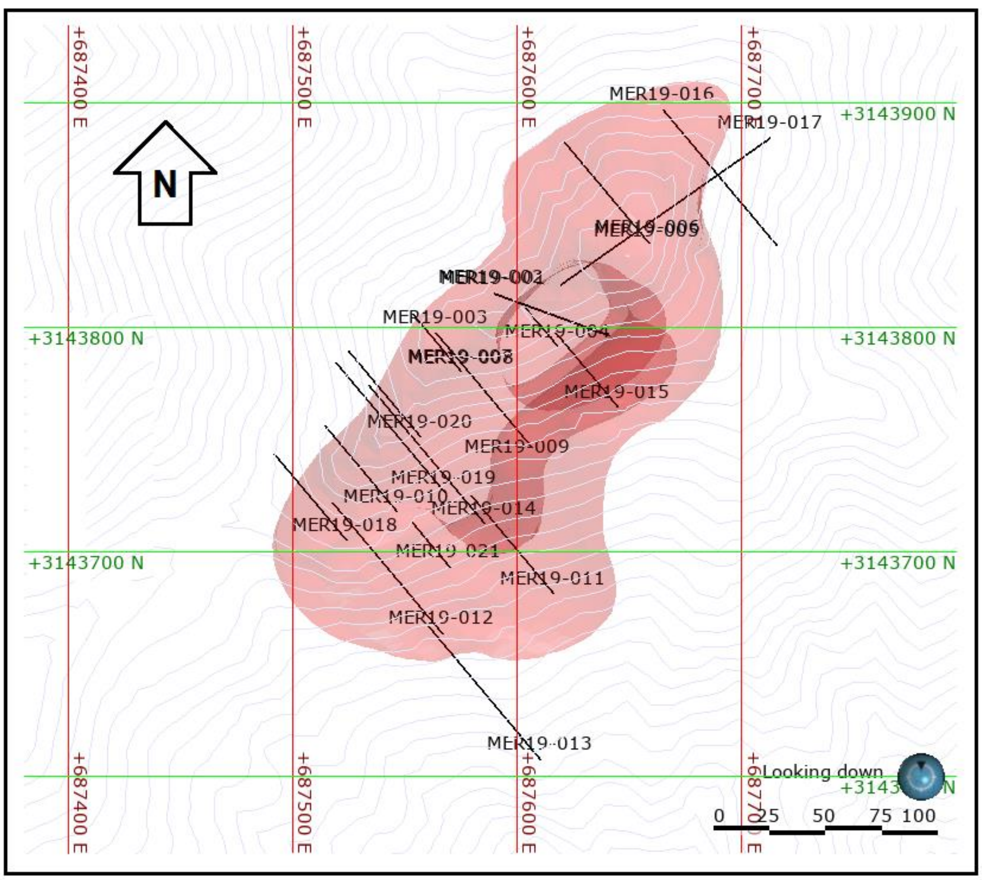
14.1 BACKGROUND

In December, 2020, Magna approached Micon to undertake a mineral resource estimate for its Mercedes Project and disclose the results in a NI 43-101 Technical Report.

14.1.1 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 the 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. Figure 14.1 shows the location of the La Lamosa Ridge mineralized zone constructed by Magna. The mineral resources for the Mercedes Project have been estimated assuming an open pit mining scenario.

Figure 14.1
Location of the Mercedes Gold Mineralized Zone and Drill Holes – 5m Contour Lines



Source: Micon, 2021.

14.1.2 Mineral Resource Estimate Definitions

The current mineral resource estimate for the Mercedes Project has been prepared following the 2014 CIM Definition Standards - For Mineral Resources and Mineral Reserves, as required under NI 43-101. The CIM standards and definitions are as follows:

> "Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource."
>
> "A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction."
>
> "The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling."
>
> "Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals."
>
> *Inferred Mineral Resource*
>
> "An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.
>
> An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration."
>
> "An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101."
>
> *Indicated Mineral Resource*
>
> "An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit."

"Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation."

"An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve."

Measured Mineral Resource

"A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit."

"Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation."

"A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve."

"Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit."

14.1.3 Supporting Data

The Mercedes Project database provided to Micon comprises 21 drill holes, with a total of 2,723 m of drilling and containing 1,787 samples. This database was the starting point from which the broad envelope was modelled. None of the historical drilling was used in the mineral resource estimate.

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 m of core. Most of the holes drilled from the hillside in a northwest direction intersected the entire mineralized zone. No trench samples or any other type of sampling were used in the resource estimate.

14.1.3.1 Topography

The Project topography was provided by Magna as a digital terrain model (DTM) in DXF format. It was used for the open pit optimization for La Lamosa Ridge mineralized envelope.

14.1.3.2 Rock Density

No rock density measurements were provided to Micon. The overall average density value for the entire Mercedes Project is estimated at 2.9 g/cm^3, although Magna has not conducted rock density measurements.

14.1.4 General Statistics

Basic statistics were calculated for the entire Mercedes Project database, both for the selected intervals inside the mineralized envelope, as well as for those outside. The results are summarized in Table 14.1 to Table 14.3.

Table 14.1
Global Statistics for the Mercedes Gold Project Database

Description	Au (g/t)	Ag (g/t)
Count	1,787	1,787
Length	2,723	2,723
Mean	0.20	6.74
Standard deviation	0.45	22.31
Coefficient of variation	2.28	3.31
Variance	0.20	497.88
Minimum	0.00	0.15
Lower quartile	0.01	0.80
Median	0.04	2.00
Upper quartile	0.18	4.70
Maximum	8.96	454.00

Table 14.2
Raw Assays Basic Statistics Within the La Lamosa Ridge Wireframe

Description	Au (g/t)	Au Capped (g/t)	Ag (g/t)	Ag Capped (g/t)
Count	627	627	627	627
Length	956	956	956	956
Mean	0.49	0.48	15.03	12.75
Standard deviation	0.65	0.51	35.85	20.24
Coefficient of variation	1.32	1.07	2.39	1.59
Variance	0.42	0.26	1,285.34	409.66
Minimum	0.01	0.01	0.30	0.30
Lower quartile	0.15	0.15	2.20	2.20
Median	0.29	0.29	5.10	5.10
Upper quartile	0.60	0.60	13.40	13.40
Maximum	8.96	3.00	454.00	100.00

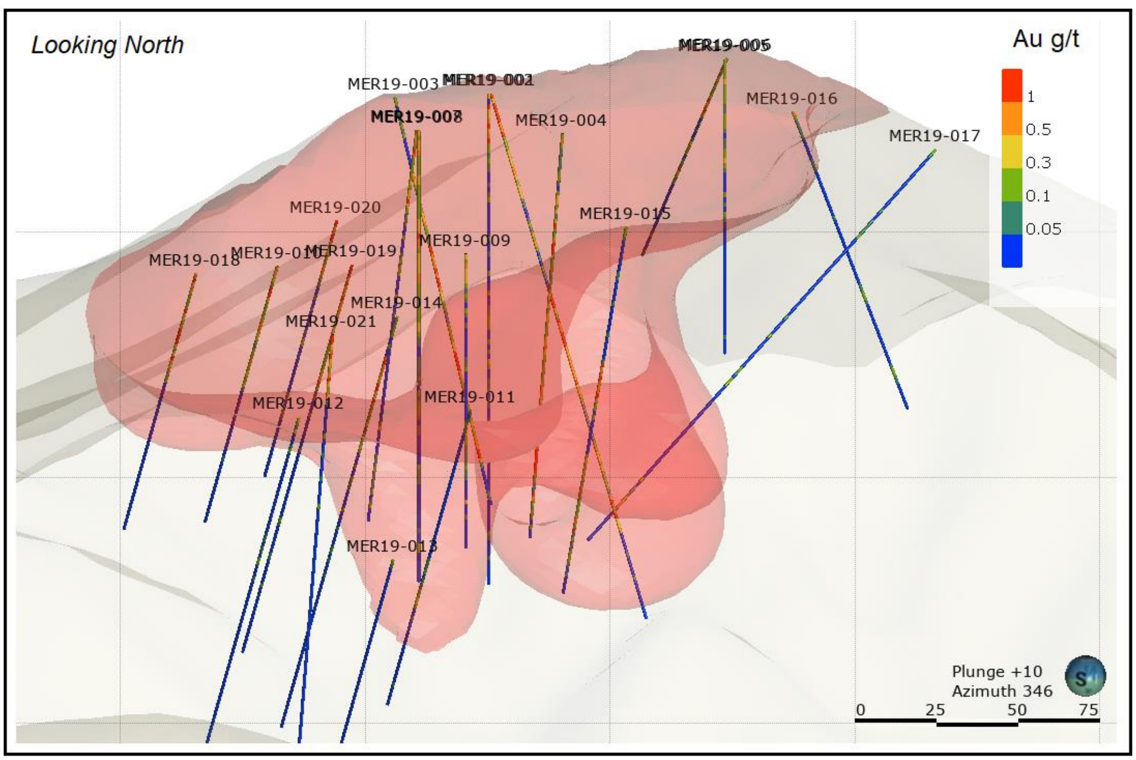
Table 14.3
Raw Assays Basic Statistics Outside the La Lamosa Ridge Wireframe

Description	Au (g/t)	Ag (g/t)
Count	1,160	1,160
Length	1,768	1,768
Mean	0.03	2.25
Standard deviation	0.05	3.95
Coefficient of variation	1.60	1.76
Variance	0.00	15.61
Minimum	0.00	0.15
Lower quartile	0.01	0.60
Median	0.02	1.30
Upper quartile	0.04	2.70
Maximum	0.78	75.40

14.1.5 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. Figure 14.2 illustrates the final wireframe for the La Lamosa Ridge deposit.

Figure 14.2
3D View of the Mercedes Gold Mineralized Zone La Lamosa Ridge



14.1.6 Data Processing

14.1.6.1 Compositing

The Mercedes Project's selected intercepts were composited into 3.0 m 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. Table 14.4 summarizes basic statistics for the composited data.

Table 14.4
Summary of the Basic Statistics for the 3.0 m Composites on Capped Data

Description	Au Composited (g/t)	Au Uncomposited (g/t)	Au Composited (g/t)	Au Uncomposited (g/t)
Count	318	627	318	627
Length	954	956	954	956
Mean	0.48	0.48	12.77	12.75
Standard deviation	0.43	0.51	18.17	20.24
Coefficient of variation	0.89	1.07	1.42	1.59
Variance	0.18	0.26	330.07	409.66
Minimum	0.01	0.01	0.44	0.30
Lower quartile	0.17	0.15	2.76	2.20
Median	0.35	0.29	5.65	5.10
Upper quartile	0.65	0.60	14.70	13.40
Maximum	2.92	3.00	100.00	100.00

14.1.6.2 Grade Capping

All outlier assay values for gold were analyzed for gold and silver within the wireframe, using log probability plots and histograms (Figure 14.3).

Figure 14.3
La Lamosa Ridge Gold and Silver Log-normal Probability Plots

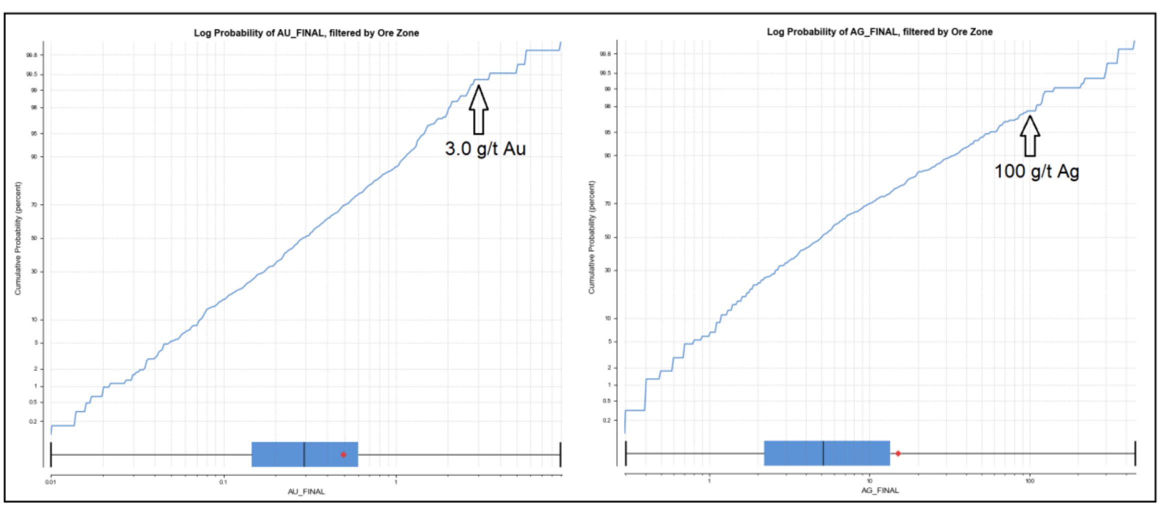


Table 14.5 summarizes the capping grades used for the mineral resource estimate.

Table 14.5
Selected Capping Grades on 3 m Composites

Element	Max. Grade (g/t)	Capping Grade (g/t)	Capped Composites	Total Composites
Gold	8.96	3.00	4	318
Silver	454.0	100.0	15	318

14.1.7 Mineral Deposit Variography

Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the La Lomosa 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.

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. Figure 14.4 and Figure 14.5 show the results of the variographic analysis.

Figure 14.4
Summary of the La Lamosa Ridge Gold Variography

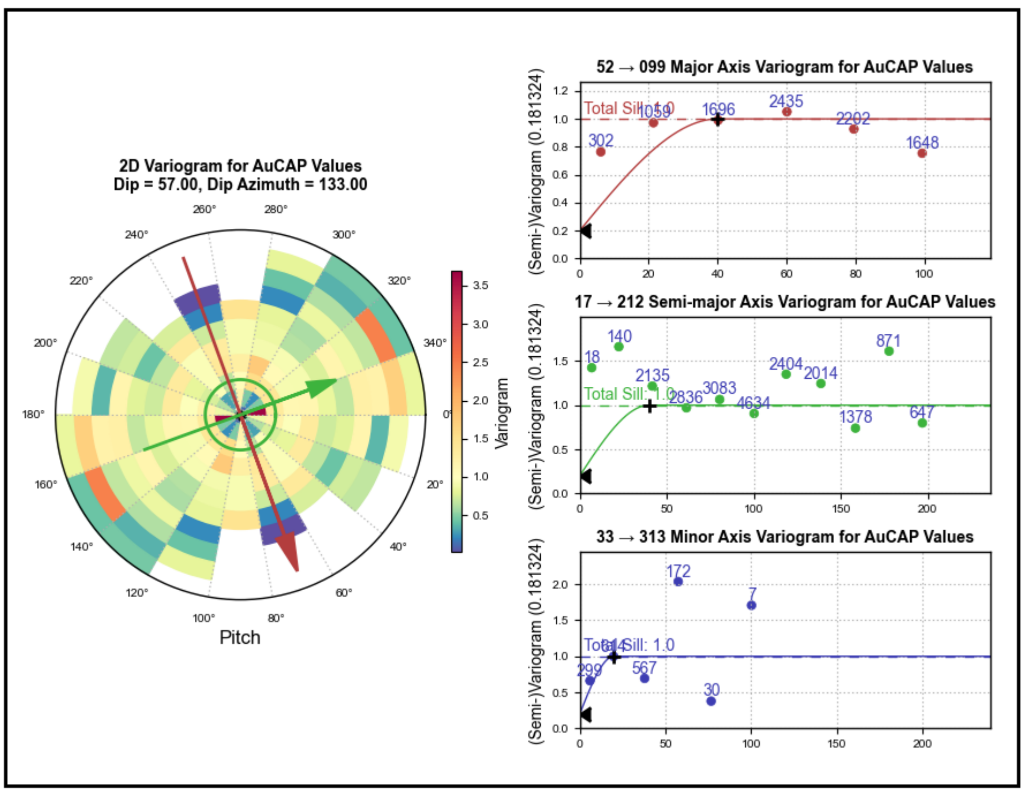
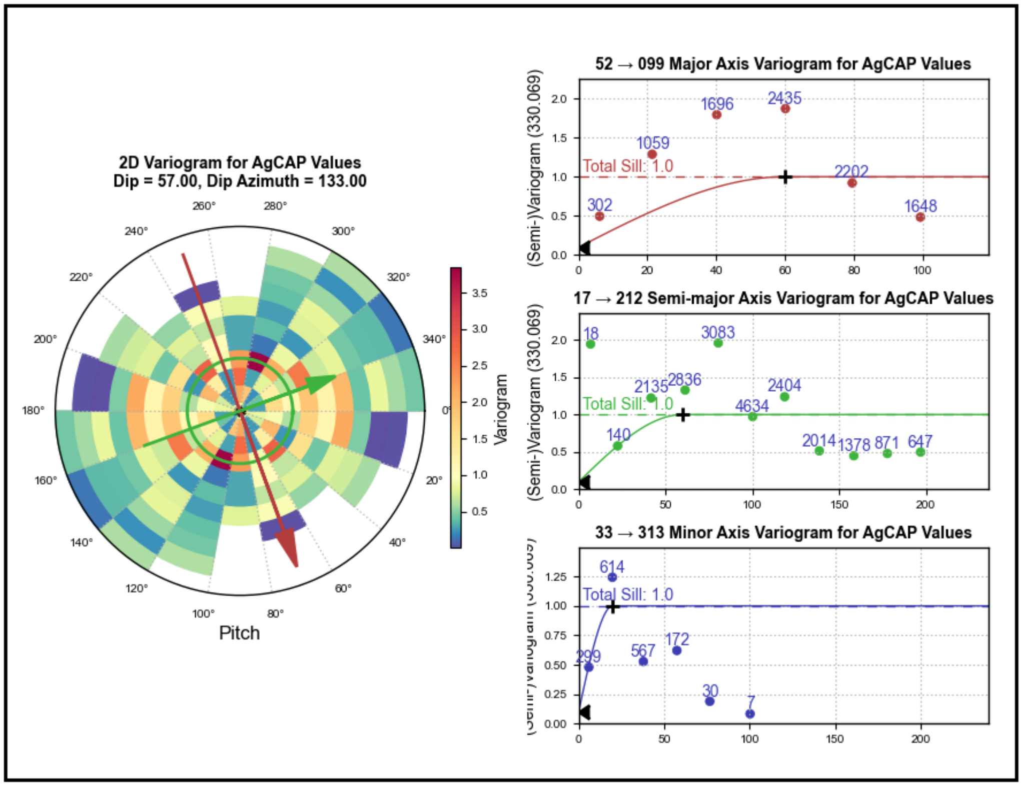


Figure 14.5
Summary of the La Lamosa Ridge Silver Variography



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 m for gold and 60 m for silver. The variography results were used to support the search ranges and anisotropy directions. The parameters used are discussed in Section 14.1.8.2, Search Strategy and Interpolation.

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.

14.1.7.1 Continuity and Trends

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.

14.1.8 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.

14.1.8.1 Block Model

A single block model was constructed to contain rock codes, gold and silver assays and density. A summary of the parameters of the block model is shown in Table 14.6.

Table 14.6
Information Summary, Project Block Model

Description	La Lamosa Ridge Micon Block Model
Origin X (Easting)	687340
Origin Y (Northing)	3143520
Origin Z (Upper Elev.)	1350
Model Dimension X (m)	550
Model Dimension Y (m)	535
Model Dimension Z (m)	210
Rotation (º)	0
Parent Block Size X (m) - Easting	5
Parent Block Size Y (m) - Northing	5
Parent Block Size Z (m) - Elevation	6
Child Block Size X (m)	NA
Child Block Size Y (m)	NA
Child Block Size Z (m)	NA

14.1.8.2 Search Strategy and Interpolation

A set of parameters were derived from variographic analysis to interpolate the composite grades into the blocks. A summary of the Mercedes Gold Project Ordinary Kriging (OK) interpolation parameters is contained in Table 14.7.

14.1.9 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 QP's opinion the economic parameters are reasonable, but they were not developed from first principles specifically for the Mercedes site and are considered conceptual in nature.

Table 14.7
Ordinary Kriging Interpolation Parameter Summary

Deposit* Code(s)	Pass	Orientation	Search Parameters							
		Dip Az (°)	Pitch (°)	Dip (°)	Range Major Axis (m)	Range Semi-Major Axis (m)	Range Minor Axis (m)	Minimum Samples	Maximum Samples	Maximum Samples per Hole
La Lamosa Ridge Au	1	133	70	-57	40	40	20	8	20	2
La Lamosa Ridge Au	2	133	70	-57	80	80	40	4	12	2
La Lamosa Ridge Ag	1	133	70	-57	40	40	20	8	20	2
La Lamosa Ridge Ag	2	133	70	-57	80	80	40	4	12	2

Note:

Table 14.8 summarizes the open pit economic criteria upon which the resource estimate for La Lamosa Ridge deposit at the Mercedes Project is based.

Table 14.8
Summary of Economic Assumptions for the Conceptual Open Pit Mining Scenarios

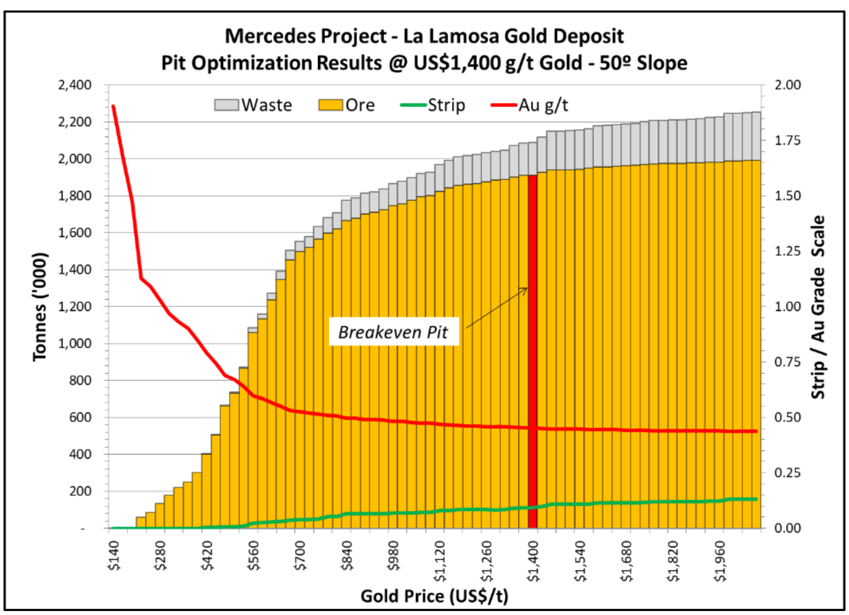
Description	Units	Value Used
Gold Price	US$/oz	1,400
Mining Cost	US$/t	1.76
Processing Cost	US$/t	4.00
General & Administration	US$/t	0.47
Gold Oxide Recovery (Metallurgical)	%	80.00
Gold Mixed Recovery	%	50.00
Slope Angle Overburden	Degrees (º)	50

The open pit mining parameters noted 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.

14.1.9.1 Pit Optimization

Using the parameters shown in Table 14.8, 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. Figure 14.6 show the optimized pit results for the Lamosa Ridge deposit.

Figure 14.6
Graph Showing the Optimized Pit Shells for the La Lamosa Deposit



14.1.10 Classification of the Mineral Resource Estimate

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

14.2 MINERAL RESOURCE STATEMENT

The Mercedes Project's mineral resource statement is summarized in Table 14.9.

Table 14.9
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:

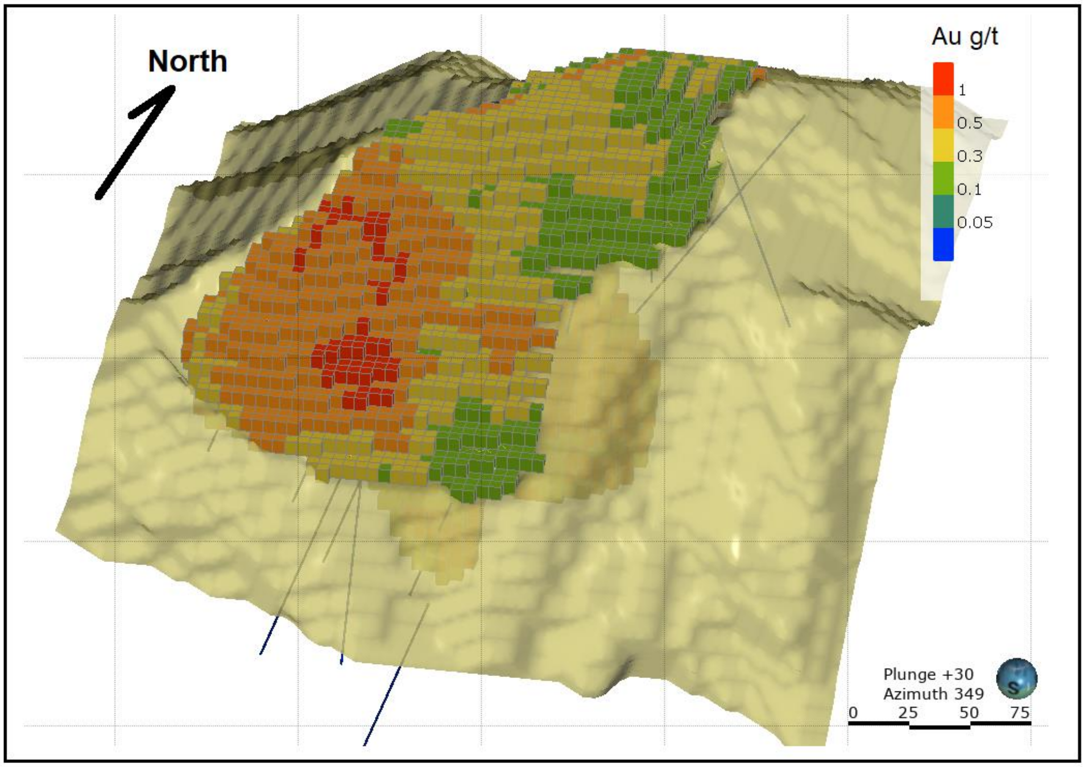
1. Mineral Resource Estimates are reported at a cut-off grade of 0.17 g/t Au for the oxidized rock and 0.38 g/t Au for the mixed or transitional rock in a surface mining scenario. For La Lamosa Ridge the cut-off grade was calculated at a gold price of US$1,400 per ounce, and operational assumptions outlined in Table 14.8.
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 m.
3. The mineral resources presented here were estimated with a block size of 5 m x 5 m x 6 m. 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 2 passes.
4. The mineral resources presented here were estimated by Micon International Limited 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 QP considers 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.

The process of mineral resource estimation includes technical information which requires subsequent calculations or estimates to derive sub-totals, totals and weighted averages. Such calculations or estimations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, Micon and the QP do not consider them to be material.

The mineral resources summarized in Table 14.9 above are shown graphically in Figure 14.7.

Figure 14.7
Resource Blocks – Isometric View



Source: Micon 2021.

14.3 MINERAL RESOURCE SENSITIVITY

Figure 14.8 graphically presents the grade-tonnage curve for the La Lamosa Ridge deposit and Table 14.10 summarizes an analysis of the unconstrained mineral inventory's sensitivity to cut-off from a 0.0 cut-off grade to a 1.9 g.t cut-off grade, for discussion purposes only.

Figure 14.8
La Lamosa Ridge Deposit Grade Tonnage Curve Graph

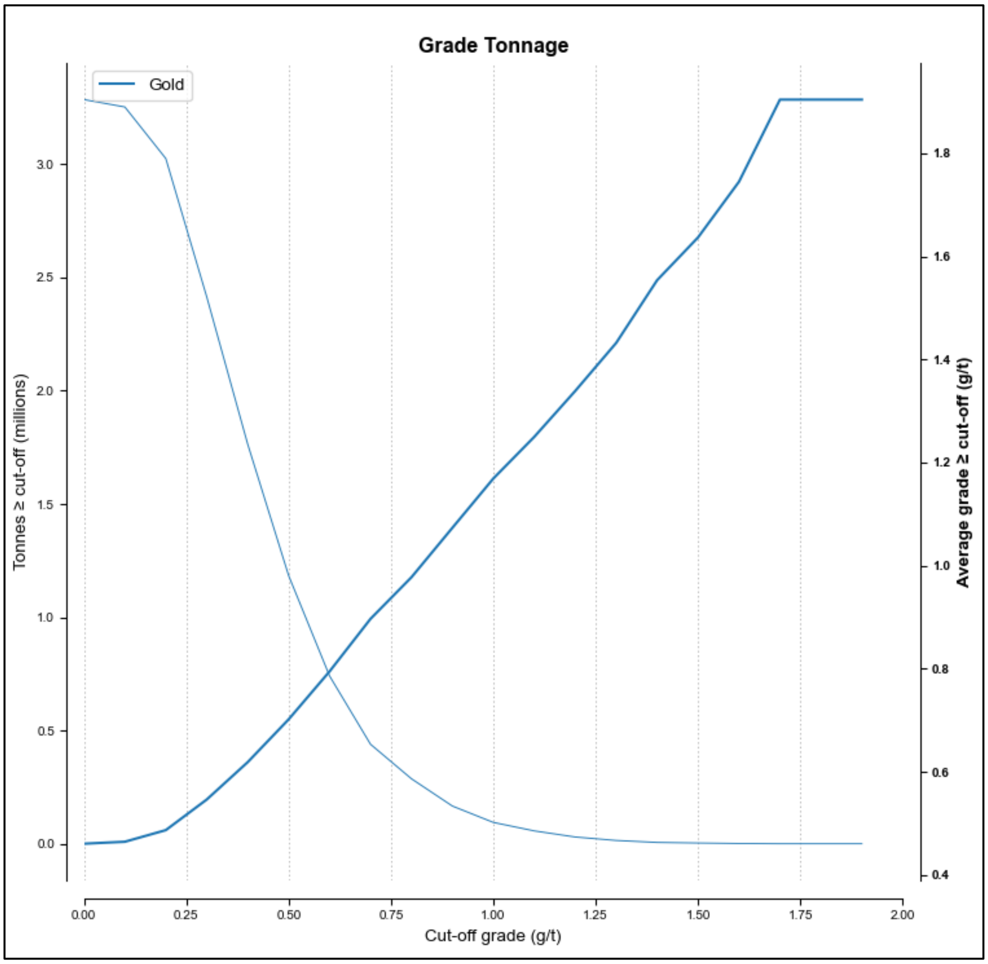


Table 14.10
Unconstrained Mineral Inventory Sensitivity Table

Cut-off Grade (g/t)	Tonnes ≥ cut-off	Average Grade ≥ cut-off (g/t)	Gold Content (troy oz)
0	3,285,120	0.46	48,658
0.1	3,252,500	0.46	48,572
0.2	3,024,990	0.49	47,366
0.3	2,414,250	0.55	42,412
0.4	1,764,360	0.62	35,104
0.5	1,184,070	0.70	26,719
0.6	740,805	0.79	18,932
0.7	439,350	0.90	12,668
0.8	287,100	0.98	9,023
0.9	166,605	1.07	5,750
1	94,395	1.17	3,548
1.1	56,985	1.25	2,290
1.2	30,015	1.34	1,292

Cut-off Grade (g/t)	Tonnes ≥ cut-off	Average Grade ≥ cut-off (g/t)	Gold Content (troy oz)
1.3	14,790	1.43	681
1.4	6,090	1.55	304
1.5	3,480	1.64	183
1.6	1,305	1.74	73
1.7	435	1.90	27
1.8	435	1.90	27
1.9	435	1.90	27

Note: The mineral inventory is not a mineral resource; the grade cut-off sensitivity analysis is used to better understand the mineralization profile and how much of the entire mineralization can be converted into a Mineral Resource.

14.4 MINERAL RESOURCE VALIDATION

Micon has validated the block model using statistical comparisons and visual inspection.

14.4.1 Statistical Comparison

A statistical comparison is made to identify important differences of either under or overestimation. As shown in Table 14.11, the grades of the 3 m composites agree well with the interpolation of grades in the block model.

Table 14.11
Mercedes Gold Mineral Resource Statistical Validation

Description	3 m Composites		Blocks	
	Weighted Au Value	Weighted Ag Value	Au	Ag
Count	318	318	7,552	7,552
Length/Volume	954	954	1,132,800	1,132,800
Mean	0.48	12.77	0.46	12.09
SD	0.43	18.17	0.23	10.41
CV	0.89	1.42	0.50	0.86
Variance	0.18	330.07	0.05	108.34
Min	0.01	0.44	0.05	-
Q1	0.17	2.76	0.29	5.96
Q2	0.35	5.65	0.42	9.05
Q3	0.65	14.70	0.58	14.26
Max	2.92	100.00	1.90	82.67

14.4.2 Swath Plots

The Mercedes Gold deposit performs very well with swath plots due to the geometry and simple settings of the mineralization; results are shown in Figure 14.9 to Figure 14.11.

14.5 RESPONSIBILITY FOR ESTIMATION

The mineral resource estimate presented in this report has been prepared under the direction of William J. Lewis, P.Geo., of Micon. The effective date of the estimate is January 11, 2021.

Figure 14.9
Mercedes Gold Swath Plot Along East Direction

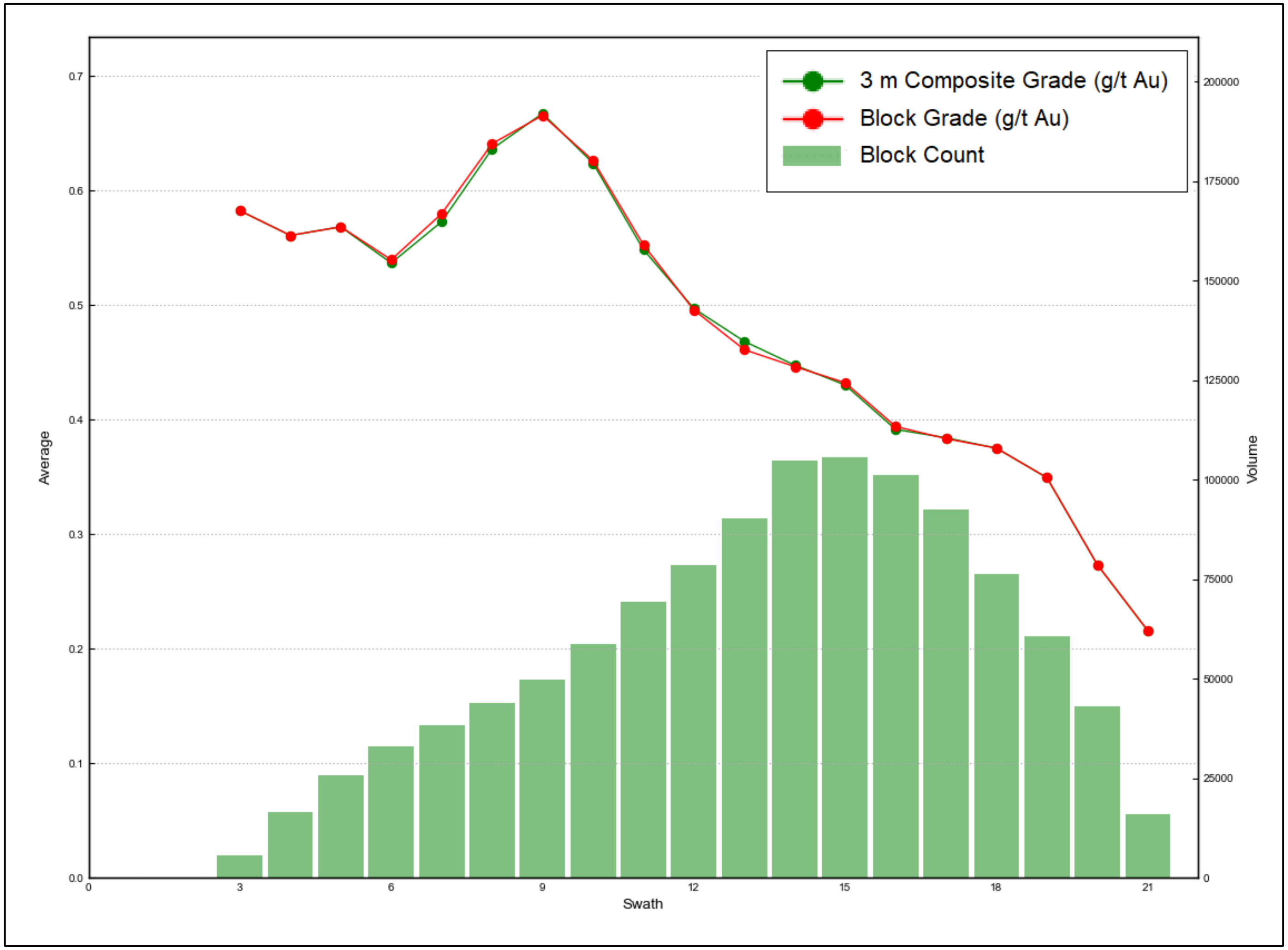


Figure 14.10
Mercedes Gold Swath Plot Along North Direction

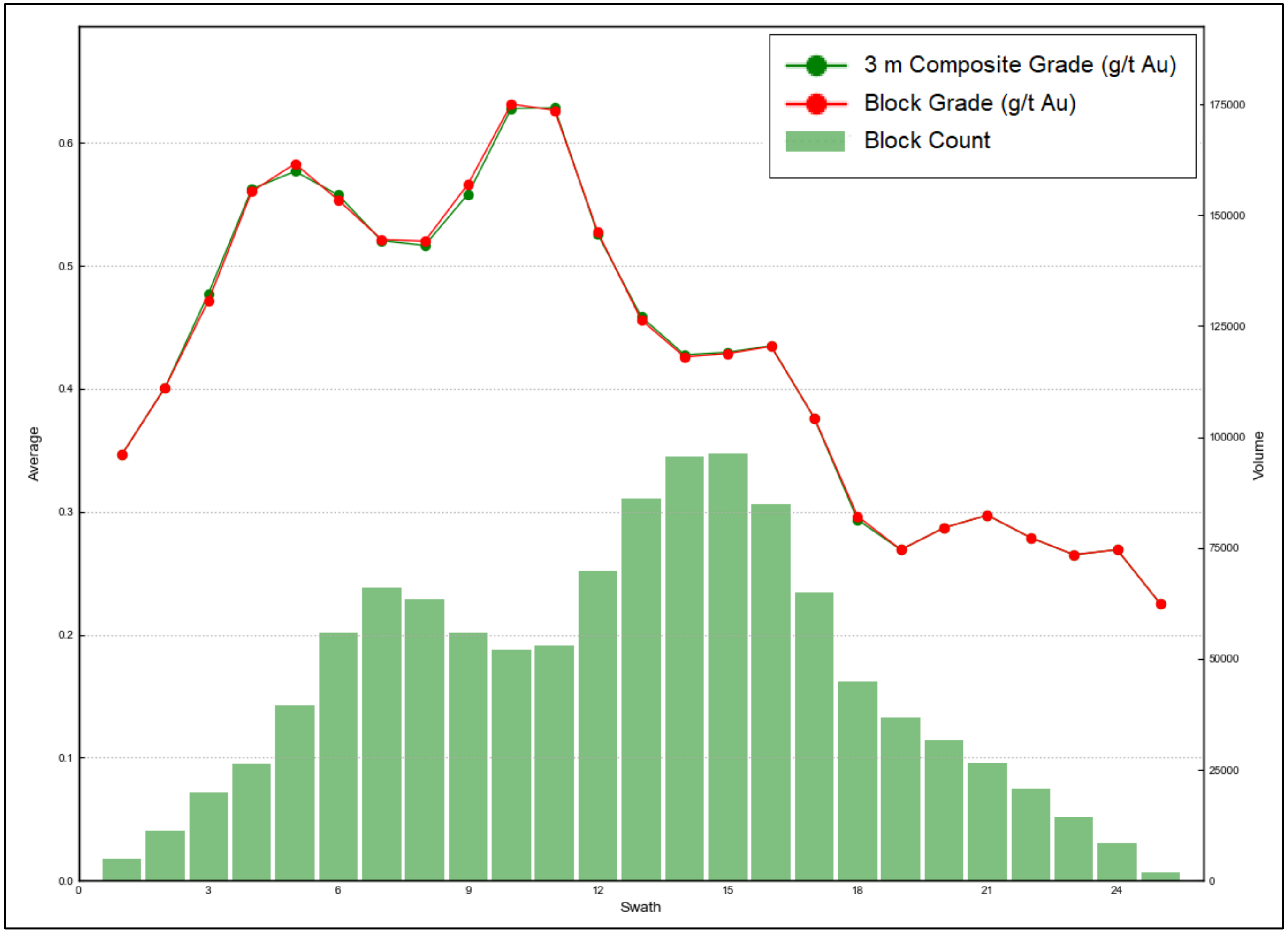
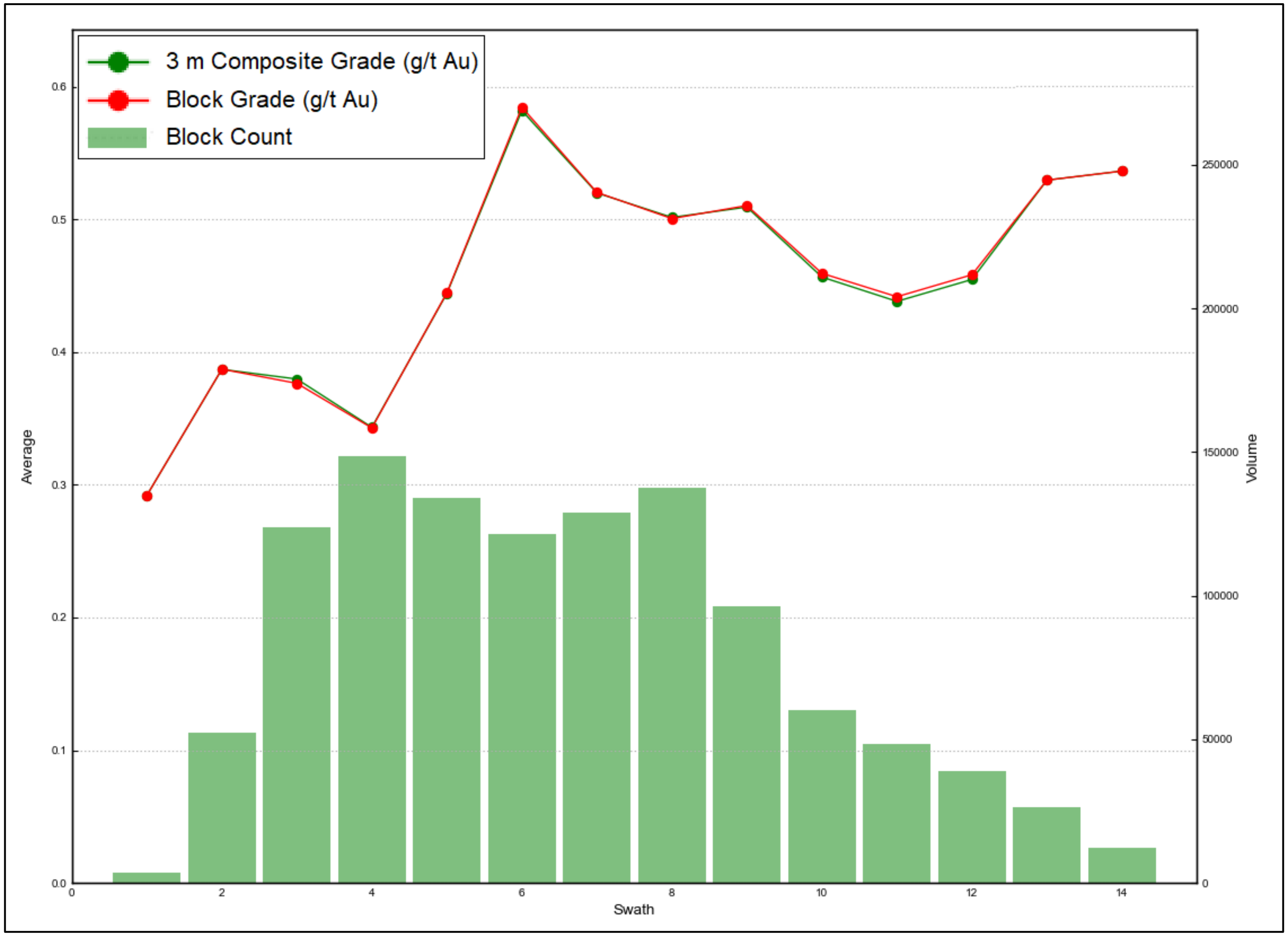


Figure 14.11
Mercedes Gold Swath Plot Down Dip Direction



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TECHNICAL REPORT SECTIONS NOT REQUIRED

The following sections which form part of the NI 43-101 reporting requirements for advanced projects or properties are not relevant to this Technical Report:

15.0 MINERAL RESERVE ESTIMATES

16.0 MINING METHODS

17.0 RECOVERY METHODS

18.0 PROJECT INFRASTRUCTURE

19.0 MARKET STUDIES AND CONTRACTS

20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

21.0 CAPITAL AND OPERATING COSTS

22.0 ECONOMIC ANALYSIS

23.0 ADJACENT PROPERTIES

This section was extracted in part from Magna's April, 2019, Technical Report and updated where applicable.

There are no immediately adjacent properties which impact the Mercedes Project. However, the district is highly prospective for epithermal style precious and base metal deposits. In addition to many small historical artisanal workings throughout the region, there are several major deposits within the surrounding area of the Mercedes property. The Mulatos deposit (gold) is located some 40 m to the northeast and Agnico Eagle's La India Gold Project is 35 km north-northeast. The Santa Ana deposit (copper and silver) is located some 13 km to the southwest. The historic Dios Padre Silver Mine is located some 7 km to the northeast. It is also quite common to find within the surrounding area a number of small pits and adits that were exploited for tungsten. Personal communication with locals from Santa Ana indicates that several prospects surrounding Mercedes have been drilled in the past, up to seven holes are thought to have been drilled in surrounding hills by companies such as Peńoles Mining Company (Peńoles).

Alamos Gold Inc's. Mulatos deposit is situated 40 km east-northeast from Mercedes and is a large high sulphidation epithermal gold-silver deposit in production since 2005. The property is located within a group of concessions totalling 30,325 ha. The mine poured its millionth ounce of gold in 2012. As of December 31st, 2017, Proven and Probable Reserves stood at 1.888,000 oz of gold in 50 Mt of ore at an average grade of 1.18 g/t gold. Measured and Indicated Resources added another 2.7 Moz of gold at an average grade of 1.13 g/t gold (Alamos Gold Inc Mineral Reserves December 31st, 2017).

Agnico Eagle Mines Ltd.'s (Agnico Eagle) La India Mine achieved commercial production in early 2014 and achieved an annual production output of 101,150 oz gold and 313,000 ounces of silver in 2017. Ore at La India is drawn from a series of open pits developed on deposits hosted by volcanics intruded by granodiorite and diorite stocks. The operation is investing in near mine exploration, testing zones with similar alteration signatures as those in the main mine area. Exploration drilling commenced on this high sulphidation epithermal gold-silver property in 2004, when it was operated by junior exploration company Grayd Resources. The mine hosts proven and probable reserves of 679,000 oz gold in 31 Mt at a grade of 0.69 g/t and 2.1 Moz silver at a grade of 2.15 g/t (Agnico Eagle Mines Ltd. detailed Reserves and Resources as at December 31, 2017).

La India and Mulatos represent large deposits composed of numerous mineralized zones and are presented herein as local examples of mineralization settings or styles broadly similar to those observed at Mercedes. The Micon QP notes that these large-scale examples are for information of the reader only, as neither Micon nor the QP have been able to verify the information in the private and public reports which are the sources of this information and that the information is not necessarily indicative of the mineralization on the Mercedes property that is the subject of this report.

Information regarding the surrounding mining district has been compiled from private and public reports which are noted in Section 28.0 of this report.

24.0 OTHER RELEVANT DATA AND INFORMATION

All relevant data and information regarding the Mercedes Project are included in other sections of this Technical Report.

Micon and the QPs are not aware of any other data that would make a material difference to the quality of this Technical Report or make it more understandable, or without which the report would be incomplete or misleading.

This portion of the state of Sonora, Mexico, is very open to mining activity, which has provided significant economic development in recent years. Nevertheless, this area is considered to have some safety and security issues which may affect the development of new mining activities in the future. Security issues in the area will need to be continually monitored by Magna. Magna will also need to establish ongoing relationships and communication channels with the locals and landowners, as they constitute the best source of information related to non-normal situations.

25.0 INTERPRETATION AND CONCLUSIONS

Magna has conducted an exploration program and drilling on its Mercedes Project and has requested that Micon conduct an initial mineral resource estimate for La Lamosa Ridge mineralization on the Property.

The mineral resource estimate described herein is the initial mineral resource estimate conducted for the Mercedes Project. Despite artisanal workings located on the mineral concessions and historical exploration and drilling programs on the Property, there was no previous mineral resource estimate conducted on the property to the QPs knowledge.

In addition to the initial mineral resource for the La Lamosa Ridge deposit, there are six other mineralized targets which have been identified by Magna's exploration on the Mercedes Property. Further exploration by Magna will, in time, determine if these other zones also contribute to the mineral resources already defined on the property.

25.1 MINERAL RESOURCE ESTIMATE

25.1.1 General Information

The Mercedes Project database provided to Micon comprises 21 drill holes, with a total of 2,723 m of drilling and containing 1,787 samples. This 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 m 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.

The Project topography was provided by Magna as a digital terrain model (DTM) in DXF format and this was as the basis for the block model and for the open pit optimization for the La Lamosa Ridge mineral envelope.

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 to the final wireframe 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 overall average density value for the entire Mercedes Project is 2.9 g/cm^3 although Magna has not conducted rock density measurements.

The Mercedes Project's intercepts were composited into 3.0 m equal length intervals within the wireframe.

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.

Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the Mercedes deposit, the analysis was done within the La Lamosa Ridge 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. Silver was analyzed within the gold envelope; there is no separate silver envelope for La Lamosa Ridge.

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.

The estimation of the deposit tonnage and grade was performed using Leapfrog Geo/EDGE software.

25.1.2 Reasonable Prospects for Economic Extraction

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

The mineral resource reported herein has been constrained by reasonable mining shapes using economic assumptions of an open pit mining scenario.

The gold price and operating costs were suggested by Magna and approved by Micon. In the QP’s opinion the economic parameters are reasonable, but they were not developed from first principles and are considered conceptual in nature.

Table 14.8 summarizes the open pit economic assumptions upon which the resource estimate for the Mercedes Gold Project is based.

Table 25.1
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

Description	Units	Value Used
Gold Oxide Recovery (metallurgical)	%	80.00
Gold Mixed Recovery (assumed)	%	50.00
Slope Angle Overburden	Degrees (º)	50

The surface mining parameters noted in Table 25.1 suggest that a breakeven 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 is suitable for the Mercedes Project. The oxide material accounts for approximately 92% of the resources with the other 8% of the resources accounted for by the mixed material.

25.1.3 Mineral Resource Estimate

Using the parameters shown in Table 14.8, an open pit optimization was conducted for the La Lamosa Ridge deposit. The pit shell takes most of the oxidized rock resources with an almost zero strip ratio.

Micon has classified the La Lamosa Ridge mineral resource estimate at the Mercedes Project in the Inferred category. The classification of the La Lamosa Ridge resources was entirely due to the drill hole spacing and quantity. Further work in needed to classify the mineral resources as measured or indicated.

The Mercedes Project's mineral resource statement is summarized in Table 14.9.

Table 25.2
Mercedes Project Inferred Mineral Resource Estimate for the 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 a surface 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 Table 14.8.
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 m.
3. The mineral resources presented here were estimated with a block size of 5 m x 5 m x 6 m. 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 2 passes.
4. The mineral resources presented here were estimated by Micon International Limited 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.

25.2 CONCLUSIONS

Magna's exploration program on the Mercedes Project has been successful in defining a total of seven mineralized targets on the Mercedes Property. 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.

Magna's 2019 drilling program at the La Lamosa Ridge target has resulted in outlining a mineral deposit upon which a first time inferred mineral resource estimate has been conducted. Further work by Magna will determine the extent and outline of the mineral resources at the La Lamosa Ridge deposit. In addition, further exploration may determine the extent of the mineralization at the other six targets and may possibly allow these targets to add to the mineral resource estimate for the Mercedes property.

26.0 RECOMMENDATIONS

26.1 BUDGET FOR FURTHER EXPLORATION

Magna has optioned or owns the mineral concessions which currently comprise the Mercedes Project. These mineral concessions have had some minor exploration programs conducted on them historically, along with some artisanal mining for which there are no records. 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 (Table 26.1) which will consist of additional drilling and metallurgical testwork to further identify the extent and nature of the mineralization at the La Lamosa Ridge.

Micon and the QPs have reviewed and discussed Magna's proposal for its exploration program on the Mercedes Property. Micon and the QPs recommend that Magna conducts the exploration program as proposed, subject to funding and any other matters which may cause the proposed exploration program to be altered in the normal course of its business activities or alterations which may affect the program as a result of exploration activities themselves.

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 QPs believe that further exploration and drilling work is warranted and may assist Magna in upgrading the current resources and outlining further resources.

Table 26.1
Estimated Budget for the 2021 Exploration Phase at the Mercedes Project

Description	Unit	Unit Cost (US$)	Number of Units	Total Cost (US$)
Geology and Exploration				
Project Management	Month	5,000	6	30,000
Geologist (Salaries and consulting fees)	Month	20,000	6	120,000
Field hands	Month	15,000	6	90,000
Camp. Foods, and accommodation	Month	3,650	6	21,900
Exploration expenses and supplies	Lump	12,500	1	12,500
Dozer rent	hours	100	400	40,000
Drilling	Metre	60	3,000	180,000
Assaying for gold and multielement analysis	Samples	35	2,700	94,500
Drill holes topographic survey	Lump	5,000	1	5,000
Metallurgical testwork	Test	50,000	1	50,000
Drafting, reporting, reproduction maps	Lump	2,000	6	12,000
Hardware and software (maintenance and new one)	Lump	2,000	1	2,000
Technical Report	Report	50,000	1	50,000
Logistic exploration support	Lump	1,000	6	6,000

Description	Unit	Unit Cost (US$)	Number of Units	Total Cost (US$)
Vehicle renting	Vehicles/Month	2,700	6	16,200
Gasoline/Diesel	Month	1,890	6	11,340
Travel expenses	Month	500	6	3,000
Safety equipment	Lump/Month	1,000	6	6,000
Social security and labour related taxes	Estimated	24,000	0	24,000
Total Exploration and Administration				**774,440**

Table Supplied by Magna, in January, 2021.

26.2 RECOMMENDATIONS

Through its optioning of the mineral concessions which comprise the Mercedes Project, Magna has gained a property upon which historical artisanal mining has been conducted and which has had some modern exploration conducted on it, but which has not been fully explored using modern techniques. Micon and the QPs agree with the general direction of Magna's proposed 2021 exploration program for the Project and make the following additional recommendations for the property:

1. Micon and the QPs agree with Magna's efforts to store the Mercedes Data in a cloud based location. To that end, Micon and the QPs believe that all data, including copies of historical reports, should be included in this storage so that the storage contains a complete record of the data for the Mercedes Project. All too often, not all of the data are stored and this can lead to problems or work duplication in the future.
2. Micon and the QPs recommend that Magna surveys all of the old artisanal working on the Mercedes property and that these working are tied into the primary survey data base for the property. Thus, these workings can provide further information upon which to base future exploration programs and potentially resource estimates. The surveying should include any trench or roadcut sampling intervals as these data may be able to be included in future mineral resource estimates.
3. Micon and the QPs recommend that, prior to undertaking the next mineral resource estimate, Magna corrects any errors that were identified during the current resource exercise.
4. Micon and the QPs recommend continuing to conduct metallurgical tests in order to confirm/improve the results obtained in 2019. A comprehensive mineralogical characterization focus in the understanding of gold deportment should increase knowledge and guide future metallurgical test work.
5. Micon and the QPs recommend that, when Magna conducts its next drilling program at the Mercedes Project, it includes a program of density measurements for the La Lamosa Ridge deposit, as well as for the other areas of mineralization found on the Mercedes property. The program should include not only the measurements for the mineralized rock but the host rock as well.
6. Micon and the QPs recommend that the warehouse in Hermosillo is reorganized in order to maintain both the integrity and accessibility of the information stored there and that a complete inventory is placed with the database for the Project.

27.0 DATE AND SIGNATURE PAGE

MICON INTERNATIONAL LIMITED

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, P.Geo.	Report Date: January 22, 2021
Senior Geologist	Effective Date: January 11, 2021

"Richard Gowans" {signed and sealed as of the report date}

Richard M. Gowans, P.Eng.	Report Date: January 22, 2021
President and Principal Metallurgist	Effective Date: January 11, 2021

"Alan San Martin" {signed and sealed as of the report date}

Ing. Alan San Martin, MAusIMM(CP)	Report Date: January 22, 2021
Mineral Resource Specialist	Effective Date: January 11, 2021

SERVICIOS GEOLÓGICOS IMEX, S.C.

"Rodrigo Calles-Montijo" {signed and sealed as of the report date}

Rodrigo Calles-Montijo, CPG.	Report Date: January 22, 2021
General Administrator and Principal Consultant	Effective Date: January 11, 2021

28.0 REFERENCES

28.1 TECHNICAL REPORTS, PAPERS AND OTHER PUBLICATIONS

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28.2 WEB BASED SOURCES OF INFORMATION

Magna Gold Corp. Website, (2021), https://www.magnagoldcorp.com/

29.0 CERTIFICATES

CERTIFICATE OF AUTHOR
William J. Lewis

As the co-author of this report for Magna Gold Corp. 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, I, William J. Lewis do hereby certify that:

1. I am employed as a Senior Geologist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, fax (416) 362-5763, e-mail wlewis@micon-international.com;
2. This certificate applies to the Technical Report titled "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;
3. I hold the following academic qualifications:

   B.Sc. (Geology) University of British Columbia 1985

4. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of Manitoba (membership # 20480); as well, I am a member in good standing of several other technical associations and societies, including:
   - Association of Professional Engineers and Geoscientists of British Columbia (Membership # 20333)
   - Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (Membership # 1450)
   - Professional Association of Geoscientists of Ontario (Membership # 1522)
   - The Canadian Institute of Mining, Metallurgy and Petroleum (Member # 94758)
5. I have worked as a geologist in the minerals industry for 35 years;
6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 4 years as an exploration geologist looking for gold and base metal deposits, more than 11 years as a mine geologist in underground mines estimating mineral resources and reserves and 20 years as a surficial geologist and consulting geologist on precious and base metals and industrial minerals;
7. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument;
8. I have not visited the Mercedes Project.
9. This is the first report I have co-authored for the mineral property that is the subject of this Technical Report;
10. I am independent Magna Gold Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP;
11. I am responsible for Sections 1 to 11, 14.1.1, 14.1.2, 14.1.8 to 14.1.10, 14.2, 14.5, 23 to 28 of this Technical Report. Sections 15 through 22 are not applicable to this Technical Report;
12. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading;

Report Dated this 22 day of January, 2021 with an effective date of January 11, 2021.

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, B.Sc., P.Geo.
Senior Geologist

CERTIFICATE OF AUTHOR
Richard M. Gowans

As the co-author of this report for Magna Gold Corp. 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, I, Richard Gowans do hereby certify that:

1. I am employed as the President and Principal Metallurgist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, fax (416) 362-5763, e-mail rgowans@micon-international.com.
2. I hold the following academic qualifications:

   B.Sc. (Hons) Minerals Engineering, The University of Birmingham, U.K. 1980.
3. I am a registered Professional Engineer of Ontario (membership number 90529389); as well, I am a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.
4. I am familiar with NI 43-101 and by reason of education, experience and professional registration, fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes over 30 years of the management of technical studies and design of numerous metallurgical testwork programs and metallurgical processing plants.
5. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument.
6. I have not visited the Project site.
7. I have not participated in the preparation of a prior Technical Reports on the Mercedes property.
8. I am independent of Magna Gold Corp. and its related entities, as defined in Section 1.5 of NI 43-101.
9. I am responsible for Section 13 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
10. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 22 day of January, 2021 with an effective date of January 11, 2021.

"Richard Gowans" {signed and sealed as of the report date}

Richard Gowans P.Eng.
President and Principal Metallurgist

CERTIFICATE OF QUALIFIED PERSON
Ing. Alan J. San Martin, MAusIMM(CP)

As the co-author of this report for Magna Gold Corp. 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, Alan J. San Martin, do hereby certify that:

1. I am employed as a Mineral Resource Specialist by, and carried out this assignment for, Micon International Limited, whose address is 900 – 390 Bay Street, Toronto, Ontario M5H 2Y2. tel: (416) 362-5135, e-mail asanmartin@micon-international.com.

2. I hold a Bachelor Degree in Mining Engineering (equivalent to B.Sc.) from the National University of Piura, Peru, 1999;

3. I am a member in good standing of the following professional entities:
   a) The Australasian Institute of Mining and Metallurgy (AusIMM), Membership #301778
   b) Canadian Institute of Mining, Metallurgy and Petroleum, Member ID 151724
   c) Colegio de Ingenieros del Perú (CIP), Membership # 79184

4. I have been working as a mining engineer and geoscientist in the mineral industry for over 20 years;

5. I am familiar with the current NI 43-101 and, by reason of education, experience and professional registration as Chartered Professional, MAusIMM(CP), I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 5 years as Mining Engineer in exploration (Peru), 4 years as Resource Modeller in exploration (Ecuador) and 10 years as Mineral Resource Specialist and mining consultant in Canada;

6. I have read NI 43-101 and Form 43-101F1 and the portions of this Technical Report for which I am responsible have been prepared in compliance with that instrument and form.

7. I have not visited the property that is the subject of the Technical Report.

8. I have not co-authored any previous Micon reports for the property that is the subject of the Technical Report.

9. I am independent of Magna Gold Corp. and its related entities, as defined in Section 1.5 of NI 43-101.

10. I am responsible for Sections 14.1.3 through 14.1.7, 14.3, and 14.4 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report

11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 22 day of January, 2021 with an effective date of January 11, 2021.

"Alan J. San Martin" {signed and sealed}

Ing. Alan J. San Martin, MAusIMM(CP)
Mineral Resource Specialist

CERTIFICATE OF AUTHOR
Rodrigo Calles-Montijo

As the co-author of this report for Magna Gold Corp. 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, I, Rodrigo Calles-Montijo do hereby certify that:

1. I am General Administrator and Principal Consultant of the firm Servicios Geológicos IMEx, S.C, located at Blvd. Morelos No. 639, Locales 13 y 14, Hermosillo, Sonora, Mexico, C.P. 83148, Email: rodrigo.calles@sgimex.mx;
2. This certificate applies to the Technical Report "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.
3. I hold the following academic qualifications:

B.Sc. (Geologust Engineer)	Autonomous University of Chihuahua	1986
M.Sc. (Economic Geology)	University of Sonora	1999

4. I am a Certified Professional Geologist in a good standing with American Institute of Professional Geologist with certificate number 11567 and member of the Association of Mining Engineers, Metallurgist and Geologist of Mexico, A.C., Membership 556;
5. I have 35 years of experience in exploration and evaluation of mineral deposits, including metallic and non-metallic deposits in several countries around the world; I have experience in evaluation of diverse types of gold deposits, including placer, skarn and disseminated deposits
6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 20 years as an exploration geologist looking for base metal and industrial mineral deposits and more than 11 years as consulting geologist on precious, base metals and industrial minerals and operative mines;
7. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument;
8. I conducted a site visit to the Mercedes Project for one day on January 14, 2021, to assess the mineralization and other conditions.
9. I am independent Magna Gold Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP;
10. I am responsible for Section 12 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading;

Report Dated this 22 day of January, 2021 with an effective date of January 11, 2021.

"Rodrigo Calles-Montijo" {signed and sealed as of the report date}

Rodrigo Calles-Montijo, M.Sc., CPG.

APPENDIX 1
GLOSSARY OF MINING AND OTHER RELATED TERMS

GLOSSARY AND DEFINED TERMS

The following is a glossary of certain mining terms that may be used in this Technical Report.

A

Ag	Symbol for the element silver.
Assay	A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.
Au	Symbol for the element gold.

B

Base metal	Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.).
Bulk mining	Any large-scale, mechanized method of mining involving many thousands of tonnes of ore being brought to surface per day.
Bulk sample	A large sample of mineralized rock, frequently hundreds of tonnes, selected in such a manner as to be representative of the potential orebody being sampled. The sample is usually used to determine metallurgical characteristics.
Bullion	Precious metal formed into bars or ingots.
By-product	A secondary metal or mineral product recovered in the milling process.

C

Channel sample	A sample composed of pieces of vein or mineral deposit that have been cut out of a small trench or channel, usually about 10 cm wide and 2 cm deep.
Chip sample	A method of sampling a rock exposure whereby a regular series of small chips of rock is broken off along a line across the face.
CIM Standards	The CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council from time to time. The most recent update adopted by the CIM Council is effective as of May 10, 2014.
CIM	The Canadian Institute of Mining, Metallurgy and Petroleum.
Concentrate	A fine, powdery product of the milling process containing a high percentage of valuable metal.
Contact	A geological term used to describe the line or plane along which two different rock formations meet.

Core	The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling.
Core sample	One or several pieces of whole or split parts of core selected as a sample for analysis or assay.
Cross-cut	A horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other orebody. The term is also used to signify that a drill hole is crossing the mineralization at or near right angles to it.
Cut-off grade	The lowest grade of mineralized rock that qualifies as ore grade in a given deposit, and is also used as the lowest grade below which the mineralized rock currently cannot be profitably exploited. Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production.

D

Dacite	The extrusive (volcanic) equivalent of quartz diorite.
Deposit	An informal term for an accumulation of mineralization or other valuable earth material of any origin.
Development/In-fill drilling	Drilling to establish accurate estimates of mineral resources or reserves usually in an operating mine or advanced project.
Dilution	Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.
Diorite	An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene.
Dip	The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.
Doré	A semi refined alloy containing sufficient precious metal to make recovery profitable. Crude precious metal bars, ingots or comparable masses produced at a mine which are then sold or shipped to a refinery for further processing.

E

Epithermal	Hydrothermal mineral deposit formed within one kilometre of the earth's surface, in the temperature range of 50 to 200°C.
Epithermal deposit	A mineral deposit consisting of veins and replacement bodies, usually in volcanic or sedimentary rocks, containing precious metals or, more rarely, base metals.

Exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

F

Face	The end of a drift, cross-cut or stope in which work is taking place.
Fault	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.
Flotation	A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.
Fold	Any bending or wrinkling of rock strata.
Footwall	The rock on the underside of a vein or mineralized structure or deposit.
Fracture	A break in the rock, the opening of which allows mineral-bearing solutions to enter. A "cross-fracture" is a minor break extending at more-or-less right angles to the direction of the principal fractures.

G

g/t	Abbreviation for gram(s) per metric tonne.
g/t	Abbreviation for gram(s) per tonne.
Grade	Term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).
Gram	One gram is equal to 0.0321507 troy ounces.

H

Hanging wall	The rock on the upper side of a vein or mineral deposit.
Heap Leaching	A process used for the recovery of copper, uranium, and precious metals from weathered low-grade ore. The crushed material is laid on a slightly sloping, impervious pad and uniformly leached by the percolation of the leach liquor trickling through the beds by gravity to ponds. The metals are recovered by conventional methods from the solution.
High grade	Rich mineralization or ore. As a verb, it refers to selective mining of the best ore in a deposit.
Host rock	The rock surrounding an ore deposit.
Hydrothermal	Processes associated with heated or superheated water, especially mineralization or alteration.

I

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Intrusive	A body of igneous rock formed by the consolidation of magma intruded into other

K

km	Abbreviation for kilometre(s). One kilometre is equal to 0.62 miles.

L

Leaching	The separation, selective removal or dissolving-out of soluble constituents from a rock or ore body by the natural actions of percolating solutions.
Level	The horizontal openings on a working horizon in a mine; it is customary to work mines from a shaft, establishing levels at regular intervals, generally about 50 m or more apart.
Limestone	A bedded, sedimentary deposit consisting chiefly of calcium carbonate.

M

m	Abbreviation for metre(s). One metre is equal to 3.28 feet.
Magna	Magna Gold Corp., including, unless the context otherwise requires, the Company's subsidiaries.

Marble — A metamorphic rock derived from the recrystallization of limestone under intense heat and pressure.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Metallurgy — The science and art of separating metals and metallic minerals from their ores by mechanical and chemical processes.

Metamorphic — Affected by physical, chemical, and structural processes imposed by depth in the earth's crust.

Mill — A plant in which ore is treated and metals are recovered or prepared for smelting; also a revolving drum used for the grinding of ores in preparation for treatment.

Mine — An excavation beneath the surface of the ground from which mineral matter of value is extracted.

Mineral — A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

Mineral Claim/Concession

That portion of public mineral lands which a party has staked or marked out in accordance with federal or state mining laws to acquire the right to explore for and exploit the minerals under the surface.

Mineralization — The process or processes by which mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit.

Mineral Resource

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals. The term mineral resource used in this report is a Canadian mining term as defined in accordance with NI 43-101 – Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM), Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on December 11, 2005 and recently updated as of May 10, 2014 (the CIM Standards).

Mineral Reserve

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

N

Net Smelter Return

A payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.

NI 43-101

National Instrument 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Instrument is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. This includes foreign-owned mining entities who trade on stock exchanges overseen by the Canadian Securities Administrators (CSA), even if they only trade on Over The Counter (OTC) derivatives or other instrumented securities. The NI 43-101 rules and guidelines were updated as of June 30, 2011.

O

Open Pit/Cut	A form of mining operation designed toextract mineralsthat lie near the surface. Waste or overburden is first removed, and the mineral is broken and loaded for processing. The mining of metalliferous ores by surface-mining methods is commonly designated as open-pit mining as distinguished from strip mining of coal and the quarrying of other non-metallic materials, such as limestone and building stone.
Outcrop	An exposure of rock or mineral deposit that can be seen on surface, that is, not covered by soil or water.
Oxidation	A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.
Ounce	A measure of weight in gold and other precious metals, correctly troy ounces, which weigh 31.2 grams as distinct from an imperial ounce which weigh 28.4 grams.
oz	Abbreviation for ounce.

P

Plant	A building or group of buildings in which a process or function is carried out; at a mine site it will include warehouses, hoisting equipment, compressors, maintenance shops, offices and the mill or concentrator.
Probable Reserve	A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.
Proven Reserve	A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.
Pyrite	A common, pale-bronze or brass-yellow, mineral composed of iron and sulphur. Pyrite has a brilliant metallic luster and has been mistaken for gold. Pyrite is the most wide-spread and abundant of the sulfide minerals and occurs in all kinds of rocks.

Q

Qualified Person	Conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, related to mineral exploration or mining; (b) has at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) to have experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgement; and (ii) requires (A.) a favourable confidential peer evaluation of nthe individual's character, professional judgement, experience, and ethical fitness; or (B.) a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

R

Reclamation	The restoration of a site after mining or exploration activity is completed.

S

Shoot	A concentration of mineral values; that part of a vein or zone carrying values of ore grade.
Stockpile	Broken ore heaped on surface, pending treatment or shipment.
Strike	The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface.
Stringer	A narrow vein or irregular filament of a mineral or minerals traversing a rock mass.
Sulphides	A group of minerals which contains sulphur and other metallic elements such as copper and zinc. Gold and silver are usually associated with sulphide enrichment in mineral deposits.

T

Tonne	A metric ton of 1,000 kilograms (2,205 pounds).

V

Vein	A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.

W

Wall rocks	Rock units on either side of an orebody. The hanging wall and footwall rocks of a mineral deposit or orebody.
Waste	Unmineralized, or sometimes mineralized, rock that is not minable at a profit.
Working(s)	May be a shaft, quarry, level, open-cut, open pit, or stope etc. Usually noted in the plural.

Z

Zone An area of distinct mineralization.