MAGNA GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED MARCH 31, 2020

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Magna Gold Corp. ("Magna", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended March 31, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. This discussion should be read in conjunction with the audited financial statements of the Company as at and for the year ended March 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Information contained herein is presented as of July 13, 2020 unless otherwise indicated. Additional information relating to the Company and its operations can be obtained on SEDAR at **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively, "**forward-looking statements**"). These statements relate to future events or performance. Often, but not always, forward-looking statements can be identified by the use of words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "predicts", "budget", "scheduled", "estimates", "continues", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or expressions that state that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved (or the negative of any of these words, phrases and similar expressions).

Forward-looking statements in this MD&A include, but are not limited to, statements regarding (i) planned exploration and development programs and expenditures; (ii) the estimation of mineral resources and mineral reserves; (iii) proposed exploration plans and expected results of exploration from each of the Company's projects; (iv) the timing and location of future drilling; (v) the potential for the discovery of mineral resources and mineral reserves; (vi) the timing of geological and/or technical reports; (vii) the Company's ability to obtain and maintain required licences, permits, required agreements with third parties and regulatory approvals, including but not limited to, the necessary permitting required to implement expected future exploration plans; (viii) the timing and costs for production decisions; (ix) financing timelines and requirements; (x) changes in commodity prices and exchange rates; (xi) currency and interest rate fluctuations; and (xii) the Company's objectives and strategies.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance or achievements to be materially different from those expressed or implied. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, (i) the future price of gold; (ii) anticipated costs and the Company's ability to fund its programs; (iii) the Company's ability to carry on exploration and development activities; (iv) the Company's ability to secure and to meet obligations under property and option agreements and other material agreement; (v) the timing and results of drilling programs; (vi) the discovery of mineral resources and mineral reserves on the Company's mineral properties; (vii) the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects;

(viii) the costs of operating and exploration expenditures, (ix) that there will be no material adverse change affecting the Company or its properties; (x) that all required permits and approvals will be obtained; (xi) that social or environmental issues might exist, are well understood and will be properly managed; (xii) that there will be no significant disruptions affecting the Company or its properties; (xiii) the Company's ability to operate in a safe, efficient and effective manner; and (xiv) the Company's ability to obtain financing as and when required and on reasonable terms.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to be materially different from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain material risk factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others (i) risks normally incidental to the nature of mineral exploration, development and mining; (ii) risks relating to not securing agreements with third parties or not receiving required permits; (iii) failure to obtain required regulatory and stock exchange approvals; (iv) uncertainty and variations in the estimation of mineral resources and mineral reserves and mineral resources not having demonstrated economic viability; (v) health, safety and environmental risks; (vi) success of exploration, development and operations activities; (vii) risks relating to foreign operations and expropriation or nationalization of mining operations; (viii) delays in obtaining or failure to obtain governmental permits, or non-compliance with permits; (ix) delays in getting access from surface rights owners; (x) uncertainty in estimates of production, capital and operation costs and potential for production and cost overruns; (xi) the impact of Mexican laws regarding foreign investment; (xii) the fluctuating price of gold; (xiii) assessments by taxation authorities in multiple jurisdictions; (xiv) uncertainties related to title to mineral properties; (xv) competition for, among other things, capital, acquisitions of mineral properties, undeveloped lands and skilled personnel; and (xvi) the Company's ability to identify, complete and successfully integrate acquisitions.

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

You are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this MD&A or as of the date or dates specified in such statements and, accordingly, are subject to change after such date. The Company disclaims any intention or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. You are urged to read the Company's filings with Canadian securities regulatory authorities, which you can view under the Company's profile on SEDAR at www.sedar.com.

Description of Business

Magna was incorporated on January 9, 2018 under the *Business Corporations Act* (Ontario) under the name Magna Gold Corp. The authorized share capital of the Company consists of an unlimited number of common shares, without nominal or par value. Its shares have been listed on the TSX Venture Exchange (the "Exchange") under the symbol MGR since June 10, 2019. In addition, Magna's shares trade on the OTCQB Venture Market, a U.S. trading platform that is operated by OTC Markets Group in New York, under the symbol "MGLQF". The Company's registered head office address is The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On June 6, 2019, the Company completed its Qualifying Transaction, as defined in Exchange Policy 2.4 - *Capital Pool Companies*, consisting of the property option agreement dated September 25, 2018 pursuant to which the Company acquired an option to acquire a 100% interest in the Mercedes Property in Yécora, Mexico.

Overall Performance

As at March 31, 2020, the Company had assets of $1,288,630 and a net equity position of $1,078,908. This compares with assets of $4,278,840 and a net equity position of $4,180,159 at March 31, 2019. The Company has $209,722 of current liabilities (March 31, 2019 – $98,681 of current liabilities) at March 31, 2020. The Company recorded exploration and evaluation expenditures of $3,040,514 during the year ended March 31, 2020 compared to $nil in the comparative period.

The Company raises financing for its exploration and acquisition activities. At March 31, 2020, the Company had a working capital of $1,078,908 compared to a working capital of $4,180,159 at March 31, 2019, a decrease of $3,101,251. The Company had cash of $1,235,659 (includes funds in escrow of $1,006,950 with legal counsel) at March 31, 2020, compared to $4,273,729 (includes funds in escrow of $2,652,799 with legal counsel) at March 31, 2019, a decrease of $3,038,070. The decrease in cash and working capital resulted from exploration and evaluation expenditures and ongoing operating costs. The Company has sufficient current assets to pay its existing current liabilities of $209,722 at March 31, 2020.

On June 11, 2019, the Company announced that it had entered into a shares-for-services agreement (the "Agreement") with VRIFY pursuant to the provisions of Exchange Policy 4.3. Pursuant to the Agreement, VRIFY, which provided technology services (the "Services") to the Company, was to receive its fees by way of the issuance of Common Shares. On October 22, 2019, the Company paid the fees to VRIFY, composed of 99,502 Common Shares at a fair value of $0.25125 per Common Share.

On June 6, 2019 (the "Closing Date"), the Company completed its Qualifying Transaction pursuant to Exchange Policy 2.4 – *Capital Pool Companies*, consisting of an arm's length option agreement dated September 25, 2018 (the "Effective Date") with Beatriz Delia Yepiz Fong (the "Seller"), an individual resident in the Sonora State of Mexico, pursuant to which the Company acquired from the Seller an option ("Option") to acquire a 100% undivided interest in two mining claims (the "Mercedes Property") located in the municipality of Yecora, Sonora, Mexico, for a four-year period. In consideration of the grant of the Option, Magna will: (i) pay to the Seller an aggregate of US$1,340,000 plus VAT of 16%, paid in installments comprised of one US$50,000 payment on the later of the Closing Date and the sixth month from the Effective Date, thirty-six monthly payments of US$15,000 starting on the twelfth month from the Effective Date, and one US$750,000 payment on the forty-eighth month from the Effective Date; (ii) issue to the Seller a 3% net smelter returns royalty ("NSR"), capped at US$3,500,000 and subject to the right of the Company to acquire all 3 percentage points of the NSR at a price of US$500,000 per percentage point, within the first three (3) years of commercial production of the Mercedes Property; and (iii) issue 2,442,105 Common Shares to the Seller (the "Consideration Shares") (valued at $781,474). As of the date hereof, the Company has made the following payments to the Seller of US$110,000 plus VAT of 16% and issued the Consideration Shares. The Mercedes Property consists of two contiguous claims covering an aggregate area of approximately 345 hectares located approximately 250 kilometers east-southeast along the Federal Highway 16 from the state capital, Hermosillo.

In addition, as a result of the Qualifying Transaction, the Company consented to an unrelated party providing a loan to the Mercedes Property landowner in the amount of US$160,000 plus VAT (US$25,600), bearing no interest, resulting from the Mercedes Property landowner requiring funds. The loan proceeds were received by the Company during the period and the Company is obligated to disburse the funds to the Mercedes Property landowner on behalf of the unrelated party. As at March 31, 2020, the remaining loan payable was $nil (March 31, 2019 - US$4,652 ($6,172))

On August 16, 2019 the Company announced it has closed the acquisition of 266170 Ontario Ltd. ("266") and its 99% owned subsidiary LM Mining SA de CV ("LM Mining"). LM Mining holds the Las Marias Property ("Las Marias Property"), which consists of 7 mining concessions covering 646 hectares adjacent to the Mercedes Property and the Las Cabanas mineral claims ("Las Cabanas Property" and together with the Las Marias Property the "Claims"), which consists of 2 claims covering 248 hectares located approximately 10 km south-west of the Mercedes Property. The total purchase price for the Claims consisted of: (i) cash of $250,000 (ii) 1,000,000 common shares (fair value of $279,700) of the Company. The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS 3, Business Combinations.

The allocation of consideration transferred is summarized as follows:

Cash	$	250,000
1,000,000 Common shares		279,700
	$	529,700
Las Marias property	$	529,700

On September 10, 2019, and by agreement dated December 17, 2019, the Company announced that it had entered into an exploration and option agreement to acquire an option (the "San Judas Option") to acquire a 100% undivided interest in two mining claims (the "San Judas Project") for a five-year period. The San Judas Project consists of two contiguous claims covering an aggregate area of approximately 2,806 hectares located approximately 240 kilometers north-west along the Federal Highway 16 from the state capital, Hermosillo. In consideration of the grant of the San Judas Option, the Company shall (i) pay to the optionors of the San Judas Project an aggregate of USD$1,680,000 plus VAT of 16%, paid in installments commencing on the effective date of the Agreement (the "Effective Date") (paid as at March 31, 2020 - USD$58,000, which includes VAT) and ending on the 60th month from the Effective Date; and (ii) issue to the Concessionaires a 1.5% net smelter returns ("NSR"), capped at USD$1,500,000 and subject to the right of the Company to acquire all 1.5 percentage points of the NSR at a price of USD$500,000 per half (1/2) percentage point, at any time.

Capital Resources

The following financings have been completed by the Company:

(1) On February 23, 2018, the Company issued an aggregate of 2,700,000 seed Common Shares at a price of $0.05 per share for gross cash proceeds of $135,000.

(2) On February 26, 27, 28, 2018, the Company issued an aggregate of 2,825,000, 1,000,000 and 8,350,000 Common Shares, respectively, at a price of $0.10 per share for gross cash proceeds of $1,217,500.

(3) On March 26, 2018, the Company issued an aggregate of 10,200,000 Common Shares at a price of $0.10 per share for gross cash proceeds of $1,020,000.

(4) On August 15, 2018, the Company completed its initial public offering by issuing 2,000,000 Common Shares at a price of $0.10 per share pursuant to Exchange Policy 2.4.

(5) On February 27, 2019 and March 13, 2019, the Company completed a non-brokered private placement of Common Shares at a price of $0.32 per share comprising the concurrent financing (the "Concurrent Financing") to the Company's proposed Qualifying Transaction. The Concurrent Financing consisted of the sale of 8,338,184 Common Shares for gross proceeds of $2,668,219.

(6) Refer to heading "Subsequent Events" below for details related to the May 6, 2020 and June 1, 2020 private placements.

Technical Report

The independent technical report on the Mercedes Property dated April 30, 2019 ("Technical Report") prepared in compliance with NI 43-101 by Dale Brittliffe, P.Geo., can be obtained on SEDAR at **www.sedar.com**.

Qualified Person

James Baughman, Consulting Geologist and a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, has approved the scientific and technical information in this MD&A.

Exploration update

The Company has not yet determined whether the Company's Mercedes Property, San Judas Project and Las Marias Property contain an economic mineral reserve. Any activities on these projects thereon will constitute exploratory searches for minerals. See "Risk Factors" below.

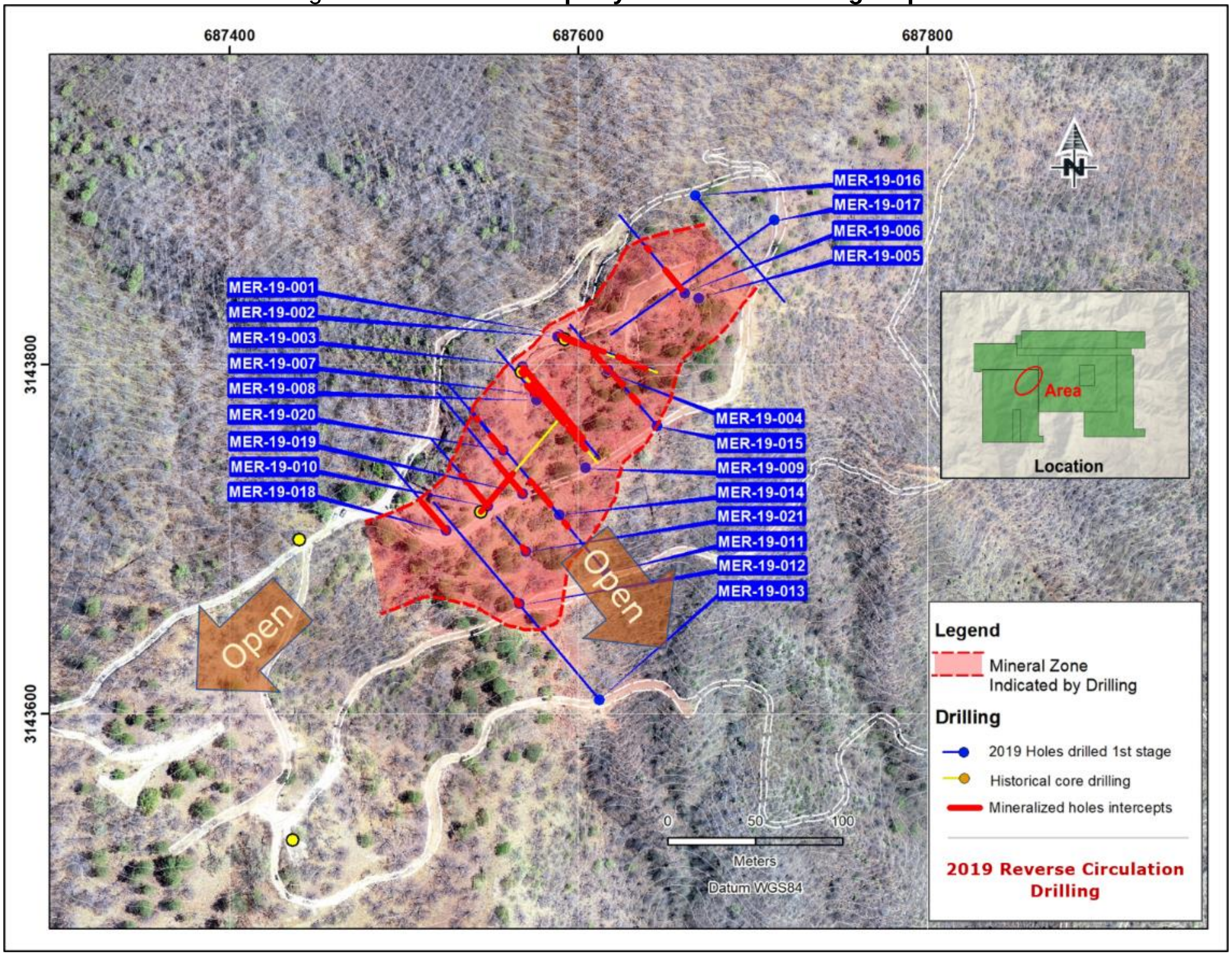
Mercedes Property

Drilling Results

The recommended exploration program concluded in November 2019 totaling 21 Reverse Circulation ("RC") drill holes (2,723 m). Magna is now modelling the drill data and planning an additional work program on the Mercedes Property that will include IP geophysics, surface mapping, and soil sampling. The goal of the work is to prepare additional drill sites on the Mercedes Property for drilling in 2020.

Drilling showed good continuity over 300 meters of strike length with the drilling open at depth and to the southwest (Please see Figure 1).

Figure 1: **Mercedes Property La Lamosa Drilling Map**



The results obtained confirm, as suggested by historical drilling, the existence of an oxidized zone of disseminated gold and silver mineralization extending for almost 300 meters and identifying the presence of vuggy silica, coarse grained-sericite indicative of a high sulfidation epithermal system. Results showed that mineralization is closely associated to an intrusive felsic rock and at its contact with the andesitic sequence (see Figures 2, 3 and 4).

Figure 2: **Section NE 025**

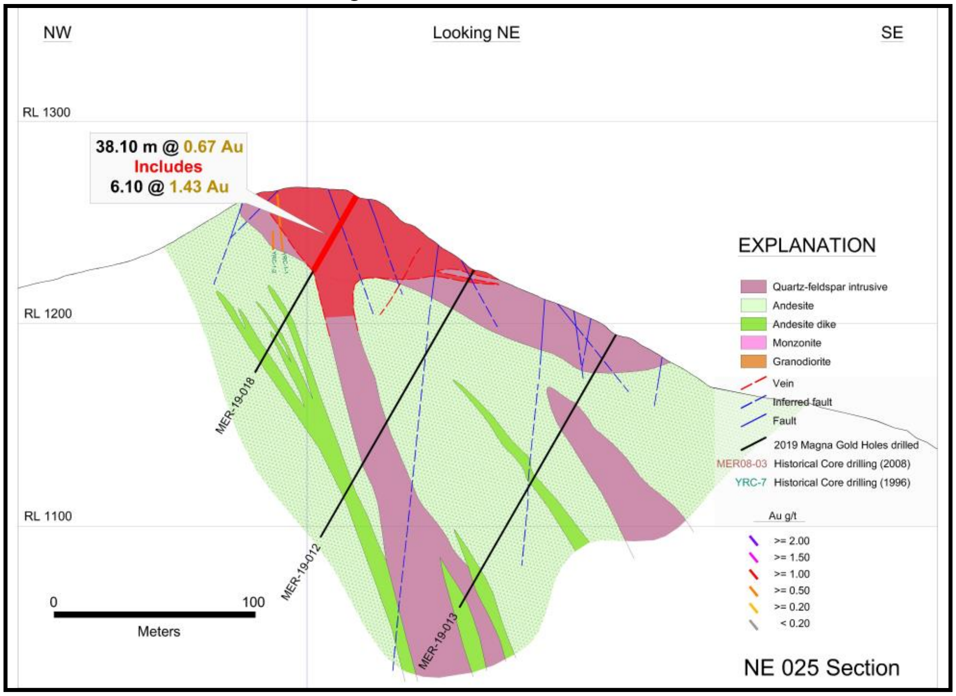


Figure 3: **Section NE 050**

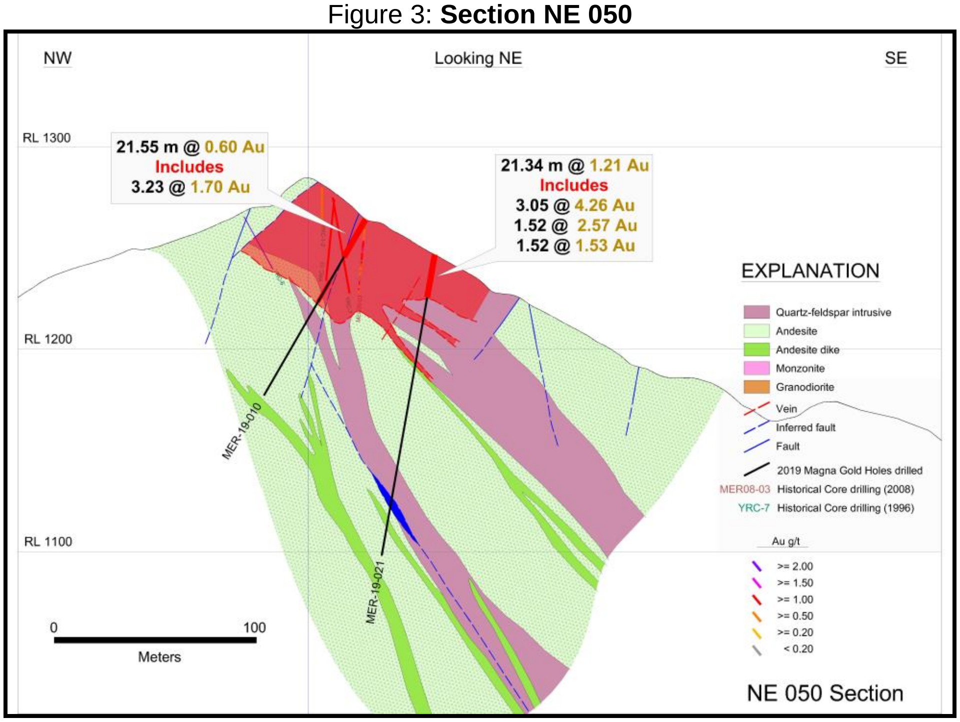


Figure 4: **Section NE 075**

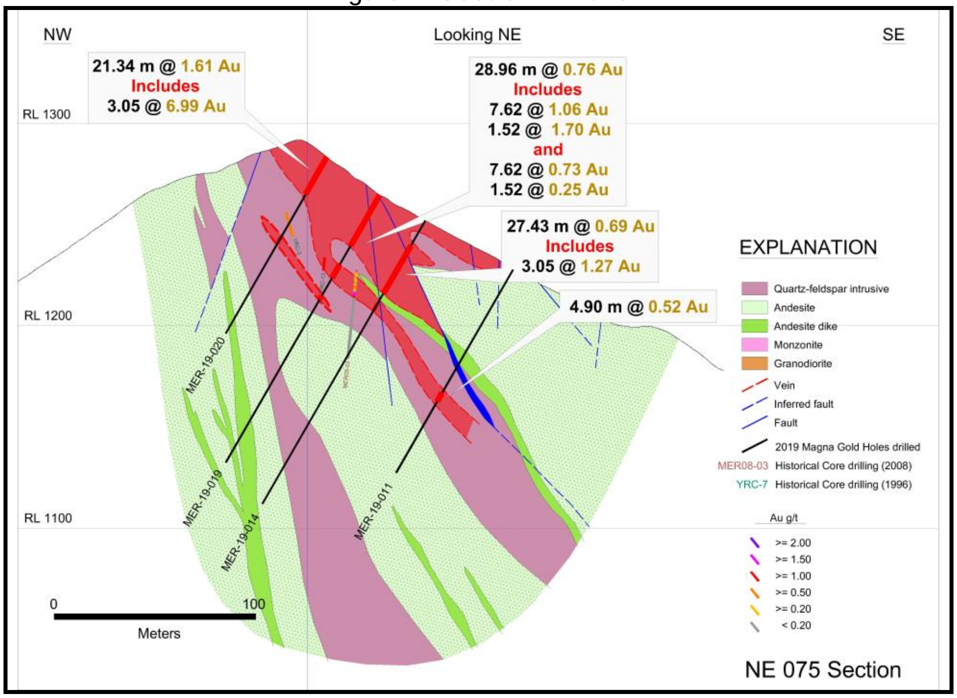


Table 1 below presents a drill intercept summary of the completed holes. Table 2 below presents a summary of location, azimuth, and dip of the drill holes and depth of this first phase of drilling exploration works.

Table 1: **Drill Intercepts Summary:**

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width[1] (m)	Au g/t	Ag g/t	AuEq[2] g/t	Hole purpose
MER19-001	**167.64**	**0.00**	**140.21**	**140.21**	**Not Available Drilled Down Dip**	**0.53**	8.49	**0.64**	**Twin MER08-001**
		0.00	33.53	33.53		**0.66**	6.13	**0.74**	
	Include	0.00	13.72	13.72		**1.04**	3.06	**1.08**	
And		44.20	48.77	4.57		**0.52**	1.86	**0.54**	
And		60.96	97.54	36.58		**0.97**	9.86	**1.09**	
	Include	60.96	68.58	7.62		**1.54**	2.06	**1.57**	
	Include	71.63	92.96	21.33		**1.00**	13.12	**1.16**	
And		128.02	140.21	12.19		**0.66**	9.81	**0.78**	
	Include	129.54	135.64	6.10		**0.85**	14.35	**1.03**	
MER19-002	**152.40**	**0.00**	**18.29**	**18.29**	**At the footwall**	**0.55**	2.53	**0.58**	**Exploration**
	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**	

[1] True widths are an approximation only. There is not yet enough information to calculate them accurately.
[2] AuEq assays were calculated based on US$1400/ounce gold and US$17/ounce silver price.

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width[1] (m)	Au g/t	Ag g/t	AuEq[2] g/t	Hole purpose
And		111.25	114.30	3.05		**0.58**	23.50	**0.87**	
MER19-003	**134.11**	**0.00**	**120.40**	**120.40**	**Not Available Drilled Down Dip**	**0.54**	22.40	**0.81**	**Twin MER08-002**
And		24.38	28.96	4.57		**0.41**	4.86	**0.47**	
And		32.00	68.58	36.58		**0.74**	63.88	**1.51**	
	Include	45.72	64.01	18.29		**1.10**	106.67	**2.40**	
And		79.25	120.40	41.15		**0.79**	5.63	**0.85**	
	Include	83.82	92.96	9.14		**1.24**	11.56	**1.38**	
include	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**	
MER19-004	**131.06**	**0.00**	**118.87**	**118.87**	**59.44**	**0.46**	42.59	**0.98**	**Exploration**
And		18.29	44.20	25.91	12.95	**0.59**	64.23	**1.37**	
	include	28.96	30.48	1.52	0.76	**1.16**	48.20	**1.75**	
	include	33.53	39.62	6.10	3.05	**1.14**	143.00	**2.87**	
		44.20	50.29	6.10	3.05	**0.12**	45.19	**0.66**	
		50.29	62.45	12.16	6.08	**0.32**	172.79	**2.42**	
		62.45	87.77	25.32	12.66	**0.27**	25.88	**0.59**	
And		80.77	112.76	31.99	15.99	**0.75**	13.84	**0.92**	
	include	80.77	92.96	12.19	6.10	**0.78**	15.03	**0.96**	
	Include	100.58	109.73	9.14	4.57	**1.26**	11.57	**1.40**	
And		115.82	120.40	4.57	2.29	**0.70**	5.27	**0.77**	
MER19-005	**91.44**	**6.10**	**9.14**	**3.05**	**Not available**	**0.33**	0.33	**0.34**	**Exploration**
And		30.48	32.00	1.52		**0.31**	0.31	**0.31**	
MER19-006	**91.44**	**4.57**	**27.43**	**22.86**	**11.43**	**0.57**	25.23	**0.88**	**Exploration**
	Include	18.29	25.91	7.62	3.81	**1.09**	44.50	**1.63**	
And		50.29	53.34	3.05	1.52	**0.86**	8.35	**0.96**	
MER19-007	**131.06**	**0.00**	**27.43**	**27.43**	**17.83**	**0.45**	10.15	**0.57**	**Exploration**
	Include	3.05	9.14	6.10	3.96	**0.80**	15.44	**0.99**	
	Include	22.86	24.38	1.52	0.99	**1.11**	7.60	**1.20**	
MER19-008	**140.20**	**0.00**	**62.48**	**62.48**	**40.16**	**0.36**	12.44	**0.52**	**Exploration**
And		28.96	47.24	18.29	11.76	**0.55**	17.94	**0.76**	
MER19-009	**91.44**	**0.00**	**10.67**	**10.67**	**6.86**	**0.35**	0.35	**0.36**	**Exploration**
And		51.82	56.39	4.57	2.94	**1.23**	1.23	**1.25**	
	include	53.34	54.86	1.52	0.00	**2.65**	2.65	**2.68**	
And		76.20	77.72	1.52	0.00	**0.40**	0.40	**0.41**	
MER19-010	**100.58**	**0.00**	**30.48**	**30.48**	**21.55**	**0.60**	15.85	**0.80**	**Exploration**
include		7.62	12.19	4.57	3.23	**1.74**	69.00	**2.58**	
include		19.81	25.91	6.10	4.31	**0.69**	6.68	**0.78**	
And		35.05	47.24	12.19	8.62	**0.31**	0.31	**0.31**	
MER19-011	**115.82**	**68.58**	**76.20**	**7.62**	**4.90**	**0.52**	20.04	**0.77**	**Exploration**
include		68.58	70.10	1.52	0.98	**1.36**	24.60	**1.66**	
MER19-012	**152.40**	**0.00**	**1.52**	**1.52**	**1.52**	**0.39**	0.39	**0.39**	**Exploration**
And		4.57	6.10	1.52	1.52	**0.49**	0.49	**0.50**	

RC Hole No.	Total Length	From (m)	To (m)	Width (m)	True Width[1] (m)	Au g/t	Ag g/t	AuEq[2] g/t	Hole purpose
MER19-013	**No significant results**								
MER19-014	**161.54**	**15.24**	**42.67**	**27.43**	**27.43**	**0.69**	**9.32**	**0.80**	**Exploration**
	Include	15.24	22.86	7.62	7.62	**0.83**	11.06	**0.96**	
	Include	25.91	28.96	3.05	3.05	**1.27**	32.75	**1.67**	
	Include	32.00	38.10	6.10	6.10	**0.74**	1.20	**0.76**	
And		47.24	51.82	4.57	4.57	**0.37**	8.70	**0.48**	
MER19-015	**128.02**	**50.29**	**67.06**	**16.76**	**8.38**	**0.77**	**7.10**	**0.86**	**Exploration**
And		88.39	114.30	25.91	12.95	**0.38**	24.86	**0.69**	
	Include	106.68	114.30	9.14	4.57	**0.92**	15.14	**1.10**	
MER19-018	**100.58**	**0.00**	**38.10**	**38.10**	**Not available**	**0.67**	**13.2**	**0.83**	**Exploration**
	Include	21.34	27.43	6.10		**1.43**	**42.9**	**1.95**	
MER19-017	**No significant results**								
MER19-018	**No significant results**								
MER19-019	**152.40**	**0.00**	**28.96**	**28.96**	**Not available**	**0.76**	**8.9**	**0.87**	**Exploration**
	Include	0.00	7.62	7.62		**1.06**	9.3	**1.17**	
	Include	12.19	13.72	1.52		**1.70**	**64.8**	**2.49**	
And		39.62	47.24	7.62		**0.73**	14.9	**0.91**	
And		57.91	59.44	1.52		**0.25**	**75.4**	**1.17**	
MER19-020	**100.58**	**0.00**	**21.34**	**21.34**	**Not available**	**1.61**	**2.2**	**1.64**	**Exploration**
	Include	4.57	7.62	3.05		**6.99**	3.9	**7.03**	
MER19-021	**150.88**	**0.00**	**21.34**	**21.34**	**Not available**	**1.21**	**11.8**	**1.36**	**Exploration**
	Include	0.00	3.05	3.05		**4.26**	15.4	**4.44**	
	Include	6.10	7.62	1.52		**2.57**	19.0	**2.80**	
	Include	13.72	15.24	1.52		**1.53**	**41.5**	**2.04**	

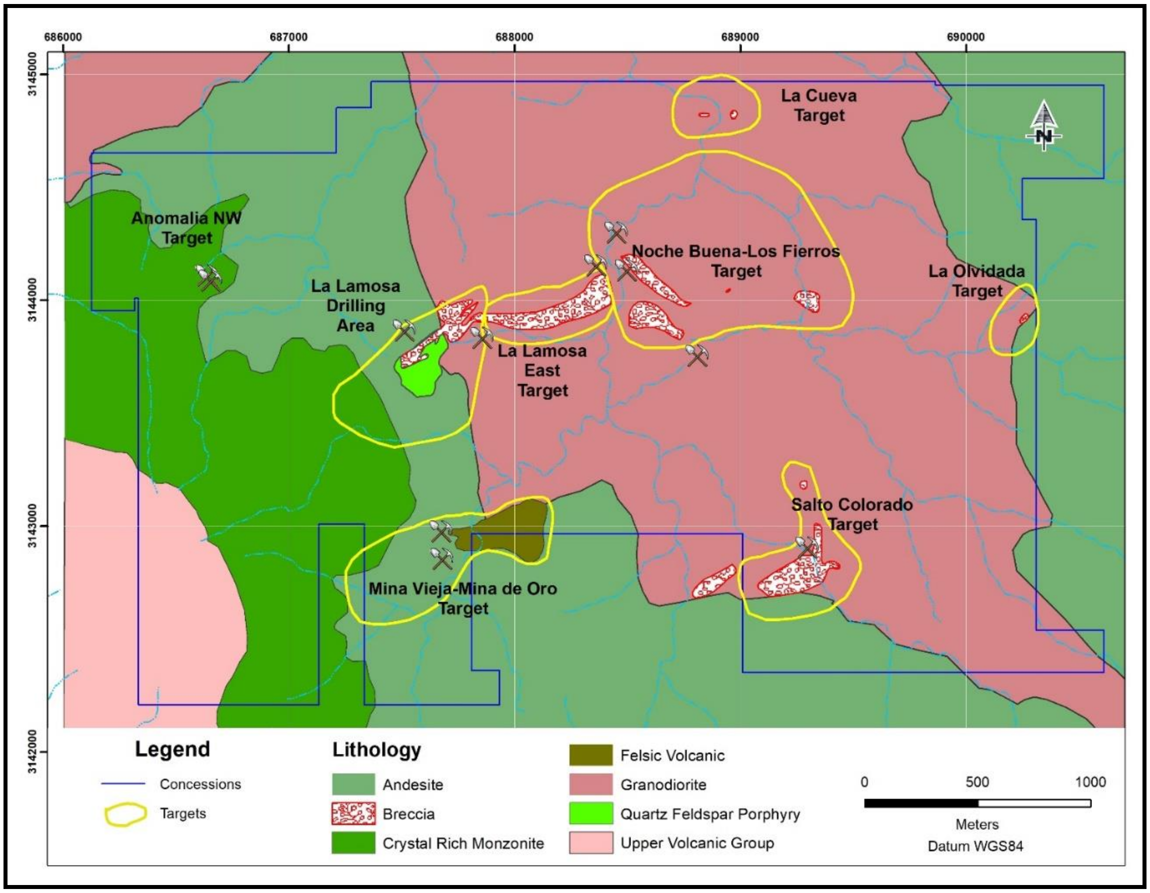
Table 2: Summary of 2019 Reverse Circulation Collars

HOLE_ID	East WGS84 Z12	North WGS84 Z12	Elevation (m)	Azimuth	Dip	Total Depth (m)
MER19-001	687590	3143815	1330	110	-70	168
MER19-002	687589	3143815	1330	0	-90	152
MER19-003	687564	3143797	1331	140	-60	134
MER19-004	687618	3143791	1323	320	-80	131
MER19-005	687658	3143836	1340	0	-90	91
MER19-006	687659	3143837	1340	320	-50	91
MER19-007	687575	3143780	1324	320	-75	131
MER19-008	687576	3143780	1324	0	-90	140
MER19-009	687601	3143739	1294	0	-90	91
MER19-010	687546	3143718	1291	320	-60	101
MER19-011	687617	3143681	1255	320	-60	116
MER19-012	687567	3143663	1254	320	-60	152
MER19-013	687610	3143607	1221	320	-60	155
MER19-014	687586	3143712	1278	320	-60	162
MER19-015	687645	3143764	1299	320	-70	128
MER19-016	687665	3143897	1314	140	-45	113
MER19-017	687713	3143884	1306	235	-45	162
MER19-018	687524	3143705	1290	320	-60	101
MER19-019	687568	3143726	1291	320	-60	152
MER19-020	687557	3143751	1300	320	-60	101
MER19-021	687570	3143693	1275	320	-80	151
					Total (m)	**2,723**

Mapping and Sampling Results on Mercedes Property's Targets

Reconnaissance work extending to over 700 hectares has revealed at least seven significant exploration targets within the property (see Figure 5). Some of these targets are related to a well identified contact zone between an intrusive batholith and volcanic sequence which extends for more than 3 kilometers within the claims (La Lamosa, Mina Vieja- Mina de Oro, El Salto). Other targets are related to a structurally controlled system of quartz tourmaline breccias within the mentioned intrusive (La Lamosa NE extension, Noche Buena, La Cueva, and Olvidada). All of the targets were accessed and sampled.

Figure 5: **Mercedes Property Simplified Geology Map and Selected Targets**



Reconnaissance Works Highlights:

La Lamosa - Drilling at La Lamosa by Magna confirmed oxide gold mineralization hosted in an altered andesite. Magna is contemplating a follow up drill program to test the southeast dip to the mineralization and to drill the extent of the zone to the north of La Lamosa hill. This second round of drilling at La Lamosa hill will be a follow-up program that is expected to increase the oxide tonnage for the La Lamosa resource.

Mina de Oro - Gold occurs at Mina de Oro on fractures in a silicified dacite intrusive rock. To date, Magna geologists have collected numerous rock samples defining a belt 330 m long and 150 m wide gold zone that is open to further mapping. Locally the silicification is very strong and is accompanied by sericite, disseminated pyrite and local tourmaline. Historic workings are present within this area, exploiting partially oxidized structurally complex sulfide bearing veins. 318 rock samples have been collected with 88 over 0.1 ppm Au and 11 over 1 ppm Au. The three highest chip samples assayed ***1.2 m @ 8.6 g/t Au, 0.3 m @ 11.1 g/t Au and 1.2 m @ 63.2 g/t Au.***

The Mina de Oro area is a high-quality bulk mining target and Magna is designing a drill program for the area in 2020.

Below is a plan map of the geology of the Mina de Oro area with two cross sections showing geology and alterations. A drill target is being considered for the south end of Section B-B' targeting gold in the Rhyodacite unit.

Figure 6: **Geology Map on the Mina de Oro Target.**

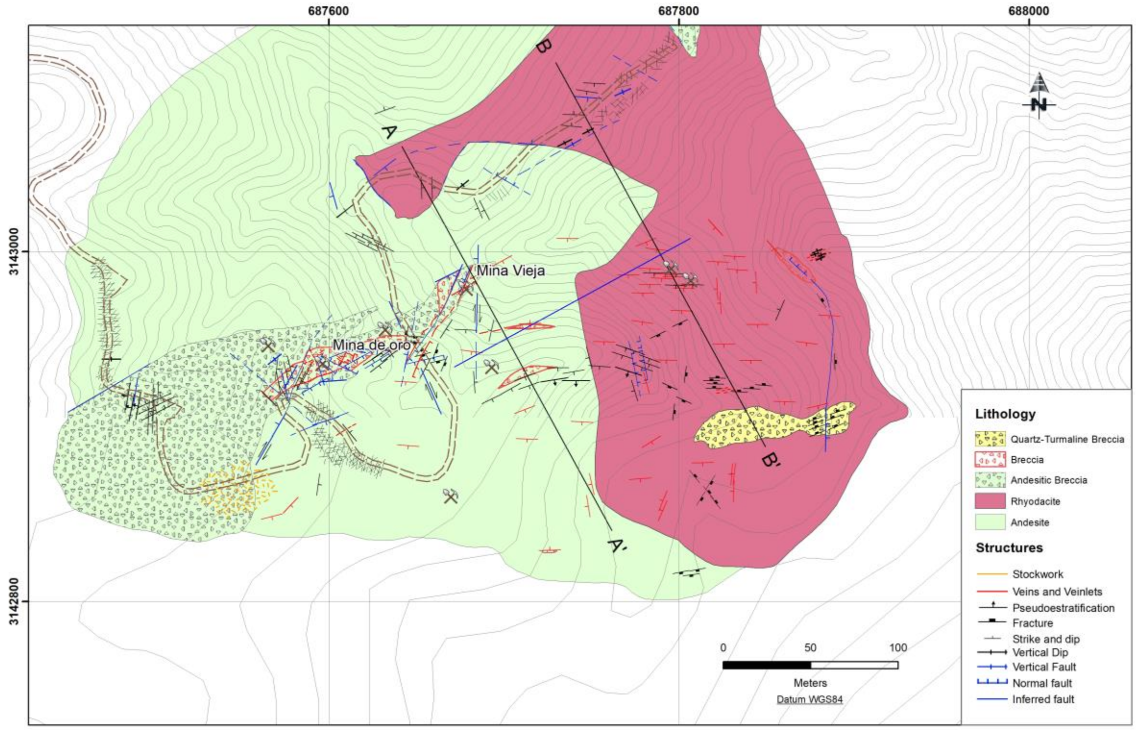


Figure 7: **Cross Section A-A'**

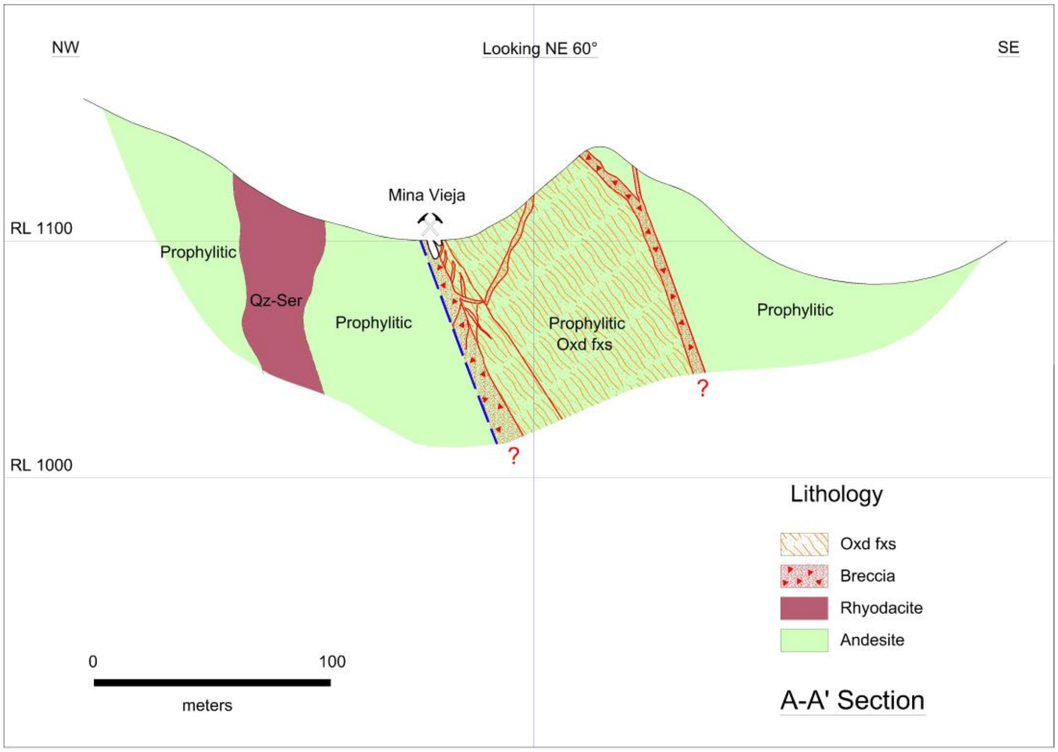
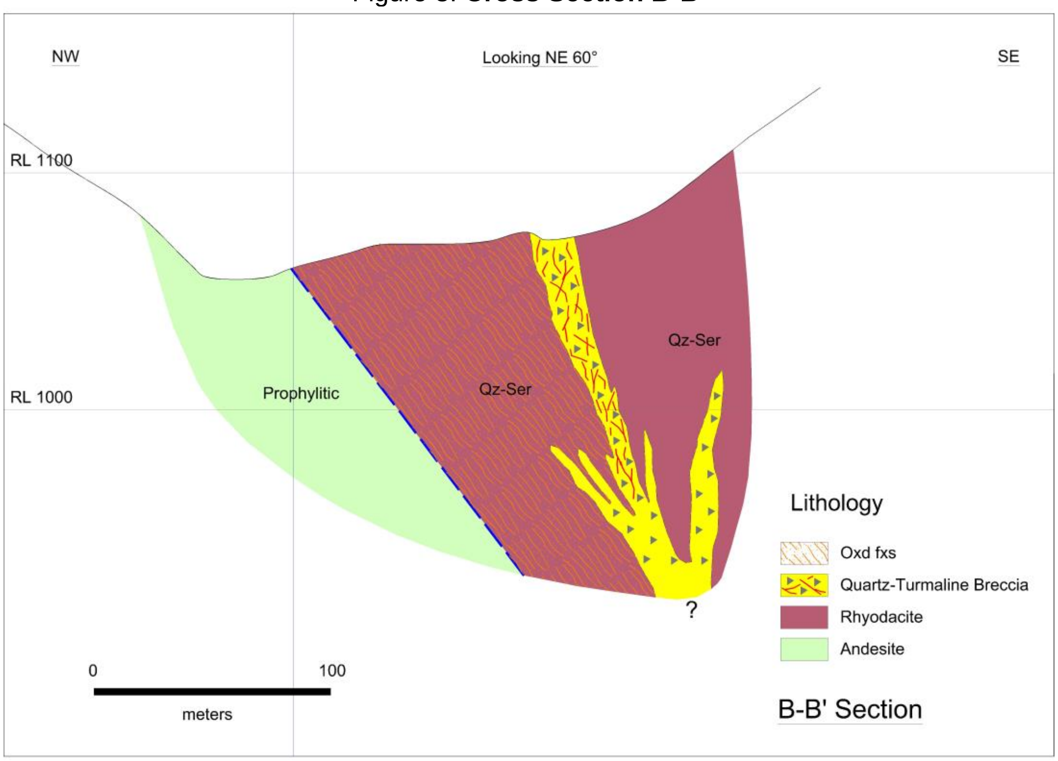


Figure 8: **Cross Section B-B'**



Salto Colorado - Salto Colorado is a 300-meter-long and 60 x 150 m wide rounded to sub-rounded intrusion matrix-supported breccia in contact with andesitic volcanic rocks; and composed of two lobes that extend out of the main body with the largest one measuring 150 meters in length. 159 samples were collected at this target, with the highest results in a small historic working returning up to ***8.52 g/t gold, 460 g/t silver, 4.0% lead and 4.2% copper.*** 25 of the samples were over 0.1 ppm Au and 8 samples were over 1 ppm Au.

La Cueva/Noche Buena – Noche Buena is a rounded to sub-rounded intrusion matrix supported breccia, 120 m long and 80 m wide, that has returned assays of 0.76 g/t gold, 80 g/t silver and more than 1% copper. Four contiguous chip samples on minor quartz veining returned 9 m @ 0.13 g/t gold, 10 g/t silver and 0.15% copper, including 3.8 m @ 0.195 g/t gold and 3 m @ 0.4% copper. Los Fierros is located to the west of Noche Buena and is a breccia elongated east-west 700 m by 100 m, with several breccias developed in granodiorite. In the Noche Buena & Los Fierros breccias 152 samples were collected with 11 samples assaying over 0.1 ppm Au.

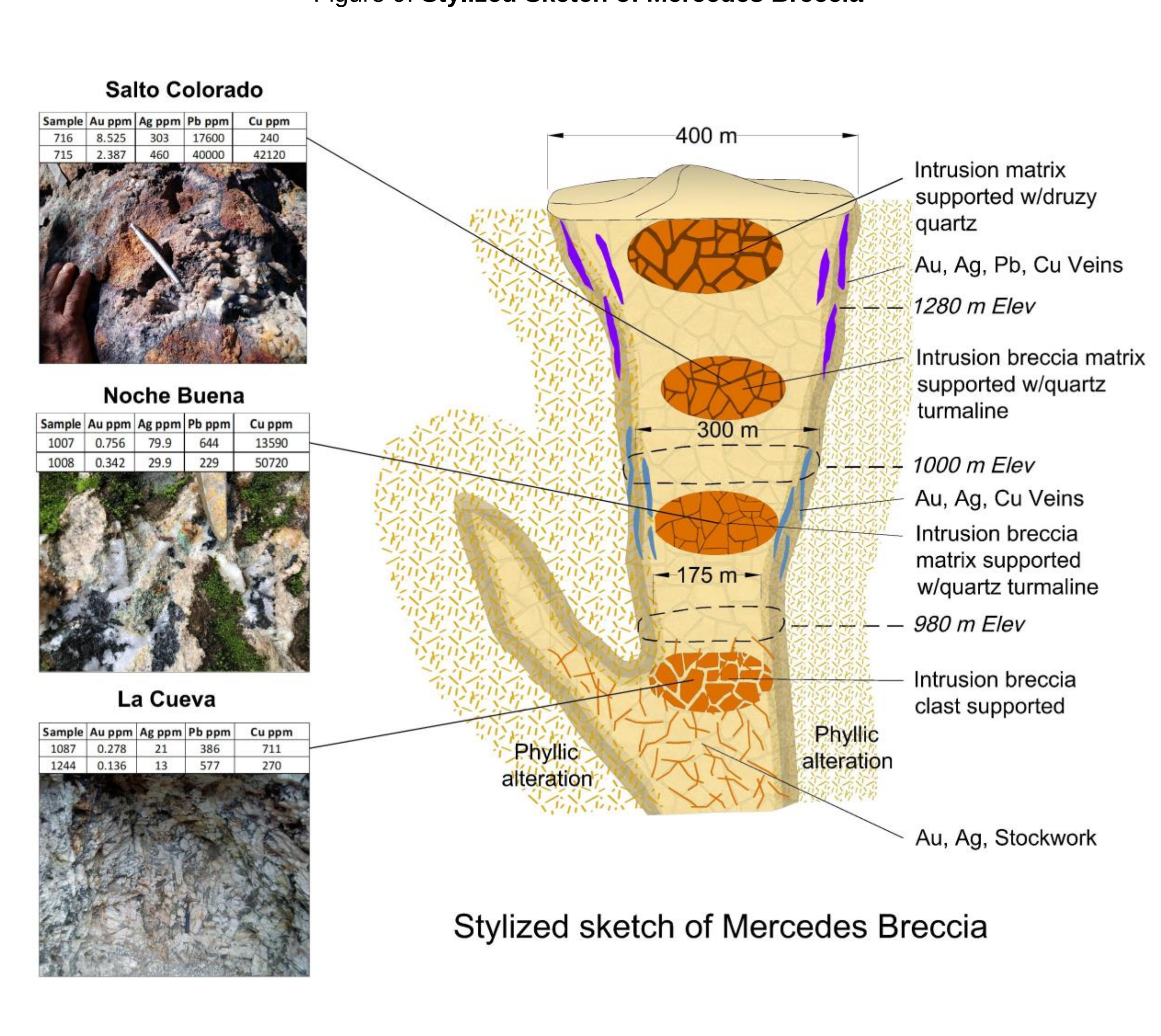
The La Cueva breccia is an angular clast supported breccia 300 m by 10 to 50 m. An eastern limb is a cliff tens of meters high, with a vertical wall towards the stream, is composed mostly by quartz, and only locally bears rock fragments and tourmaline and is stained green from copper minerals. 13 samples have been collected from La Cueva with 2 samples over 0.1 ppm Au and one sample over 1 ppm Au. Additional sampling is planned at La Cueva.

The quartz tourmaline breccias at Mercedes are zoned. Breccias at 1,300 meters in elevation at Salto Colorado are angular intrusion breccia matrix supported with drusy quartz. At 1,280 meters, the drusy quartz grades into quartz tourmaline matrix with rounded intrusion breccia and prominent lead silver veins. Noche Buena is at 1,000 meters in elevation and is a rounded intrusion breccia with a matrix of quartz tourmaline. Veins at Noche Buena are gold, silver and copper. La Cueva is at 980 meters in elevation and is an angular intrusion breccia that is quartz clast supported. Gold mineralization occurs in a stockwork in the angular quartz breccia.

The Company believes there is a possible bulk target at La Cueva in the stockwork of the quartz breccias bounded by moderate to strong phyllic alteration.

The Figure below shows the zoning pattern that has been observed on the Mercedes property. Figure 9 shows the location Salto Colorado, Noche Buena, and La Cueva at Mercedes.

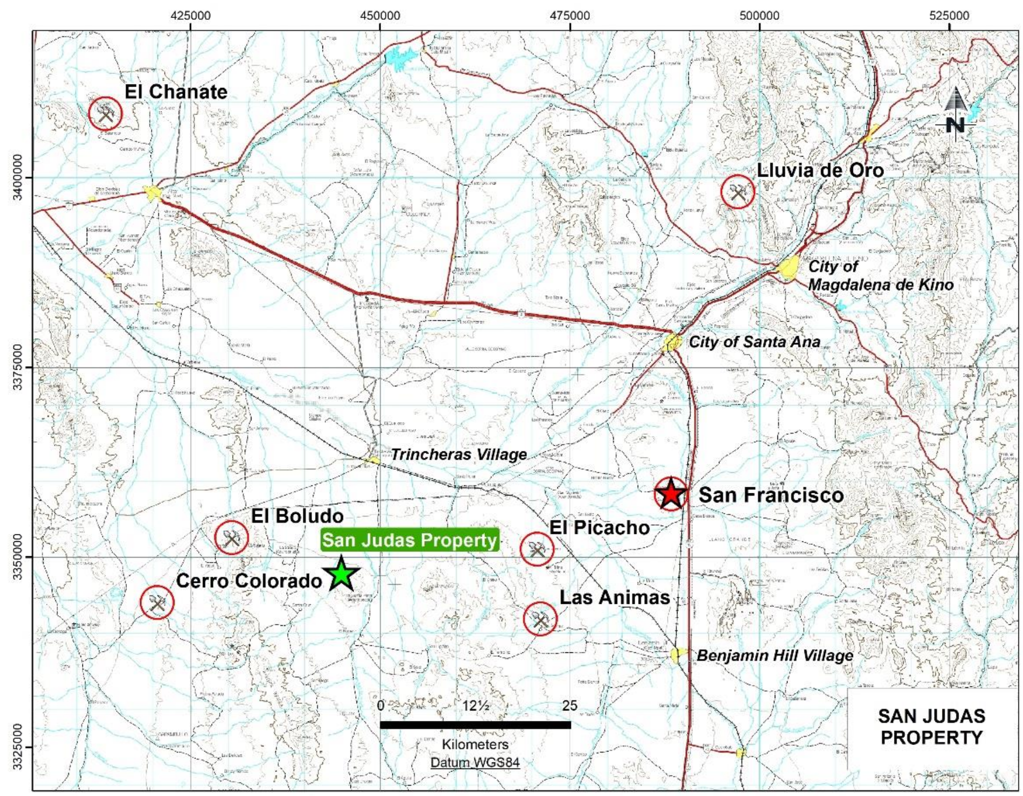
Figure 9: **Stylized Sketch of Mercedes Breccia**



San Judas Project

The project is located at the southern end of the Caborca Orogenic Gold Belt or Sonora Mojave Mega Shear, a trend known to host multiple orogenic gold-bearing deposits within an area extending from north-western Mexico into the southwestern United States measuring more than 600 km long and 60 to 80 km wide (Figure 10). Of the deposits within the Caborca Orogenic Gold Belt there are a number of large open pit heap leach gold operations such as La Herradura, Soledad-Dipolos and Nochebuena (Fresnillo PLC), the San Francisco Mine, Cerro Colorado (GoldGroup Mining Inc.) and El Chanate (Alamos Gold Inc).

Figure 10. **San Judas project location**



San Judas is an early stage exploration project hosting structurally controlled mineralization within lithologies similar in age to the La Herradura and San Francisco gold mines. The project is underlain by a basement composed of a Precambrian aged igneous-metamorphic sequence including granite, gneiss, pegmatites and schists. Augen gneiss is locally present and is likely derived from pegmatitic granitic protolith. The entire sequence is affected by multiple deformations and the emplacement of intrusions such as leucocratic granites and andesitic dikes.

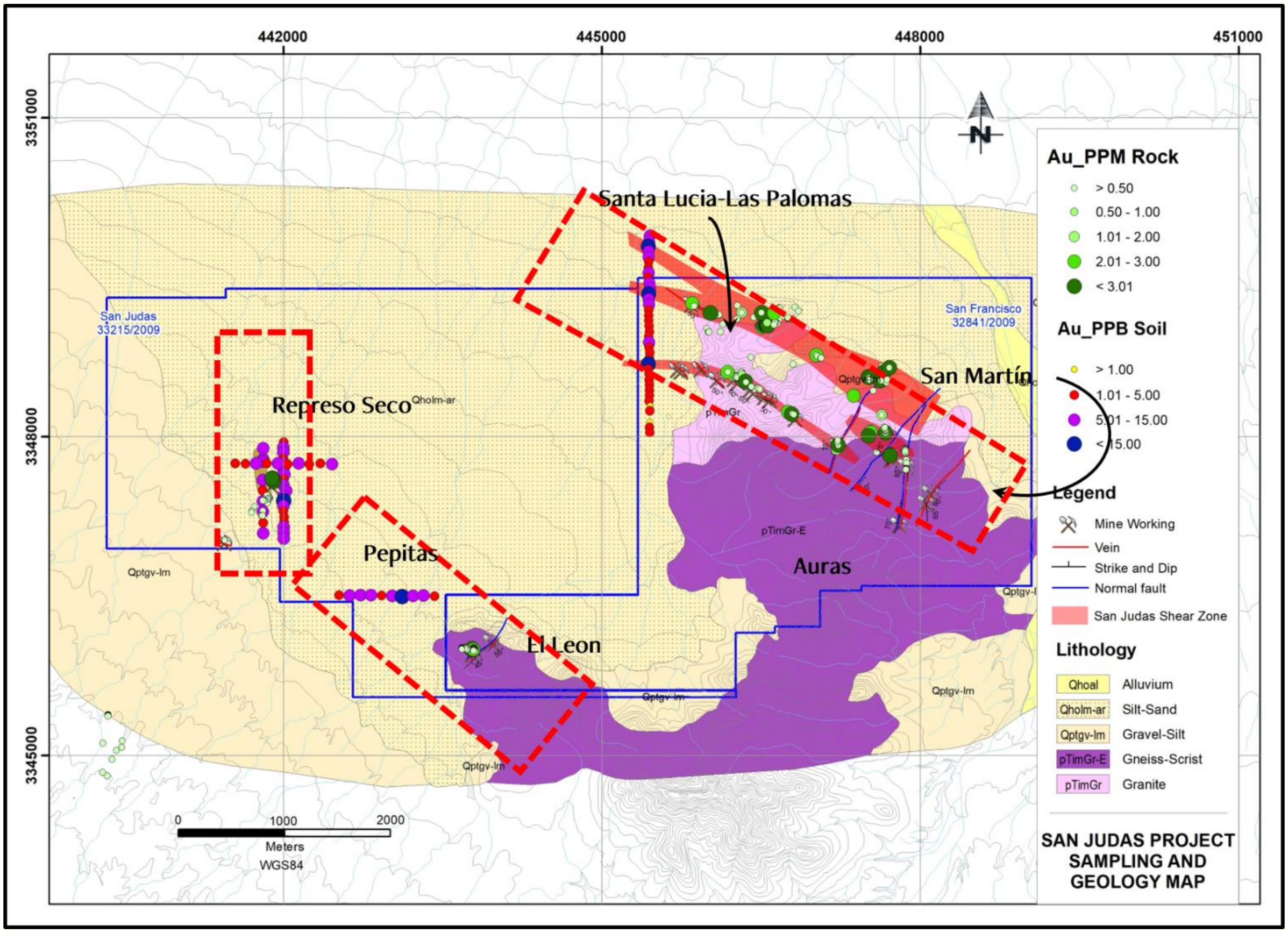
Structural and lithological interpretation of available data suggest the mineralized structures, characterized by gold-bearing quartz veins and mineralized quartz-sericite altered hanging-wall rocks extend under the surface.

Magna is currently carrying out a comprehensive surface exploration program including geological and structural mapping, trenching and reconnaissance sampling in conjunction with a surface geophysical program to define targets in anticipation of a maiden drilling campaign.

Sampling Works Highlights:

At least four different targets have been identified by historical sampling and confirmed three more, all with proven gold mineralization by recent chip rock and soil sampling. 550 chip rock samples have been taken, of which 126 (23%) have gold grade greater than 0.50 g/t Au. Please see Figure 11.

Figure 11. **San Judas Sampling and Geology Map**



- ***Santa Lucia and Las Palomas*** are parallel gold bearing structures approximately 500 meters apart with strong hematitic alteration between the structures. Santa Lucia is a bulk mining target and consists of a series of shallow historical mines (trenches and shafts) distributed along a line of over 900 m in length, with a 135-degree azimuth. Most of the historical mines are developed in quartz veins and veinlets hosted in a granoblastic granite showing argillic alteration within a sheared fringe; mapping has identified parallel structures on historical mines in sheared granite with quartz veinlets, oxides, and boxworks of the original sulphides (pyrite, galena, etc.). Immediately north of Santa Lucia is the Las Palomas area, where historical mines were developed on six parallel structures in granoblastic granite, dipping 45 – 50 degrees, 150-degree azimuth, sub-parallel to the Santa Lucia trend. Historical mines tend to be of low angle at depth with high angle fracturing of gray quartz cutting the main structures and foliation in the granite. The best gold values at Las Palomas site are 26.40 g/t Au producing adjacent samples of 14.60

g/t Au, 5.54 g/t Au, 7.30 g/t Au. These samples are strongly oxidized with stockwork veining containing boxworks from sulfides and strong hematite alteration.

Table 3: **Assay Results of Chip Rock Samples on Santa Lucia-Las Palomas Targets Above 0.50 g/t Au**

AREA	TYPE OF SAMPLE	LENGTH (m)	Au g/t	Ag g/t	Pb PPM	Zn PPM	Cu PPM
Las Palomas	Chip Channel	0.5	26.40	7.7	4,803	95	31
Las Palomas	Chip Channel	1.5	14.60	4.8	2,164	81	59
Las Palomas	Chip Channel	0.7	12.90	2.1	982	950	700
Las Palomas	Chip Channel	0.8	7.30	9.6	1,865	80	23
Las Palomas	Chip Channel	1.0	6.14	6.9	1,694	582	76
Las Palomas	Chip Channel	0.8	5.54	2.9	3,490	358	55
Las Palomas	Chip Channel	1.0	4.43	2.2	1,389	111	116
Las Palomas	Chip Channel	1.2	4.16	4.2	2,256	84	16
Las Palomas	Chip Channel	0.4	4.08	1.1	447	40	52
Santa Lucía	Chip Channel	1.2	3.63	0.9	3,328	996	172
Las Palomas	Chip Channel	1.2	2.83	0.5	829	48	27
Santa Lucía	Dump	--	2.62	8.4	9,755	797	50
Las Palomas	Chip Channel	0.5	2.49	0.7	13	34	8
Las Palomas	Chip Channel	0.5	2.41	2.1	729	17	33
Las Palomas	Dump	--	2.20	0.9	323	390	51
Las Palomas	Chip Channel	1.3	2.01	43.3	9,215	3,518	164
Santa Lucía	Chip Channel	1.0	1.80	2.7	968	429	36
Las Palomas	Chip Channel	1.0	1.48	0.8	254	73	52
Las Palomas	Chip Channel	0.5	1.34	4.3	1,389	964	45
Las Palomas	Chip Channel	1.1	1.22	6.1	3,899	48	184
Las Palomas	Chip Channel	1.5	0.75	7.7	3,673	112	101
Las Palomas	Chip Channel	0.5	0.73	1.3	888	16	536
Santa Lucía	Chip Channel	1.0	0.69	11.7	1,149	644	37
Santa Lucía	Chip Channel	1.0	0.61	7.1	3,008	868	39
Santa Lucía	Chip Channel	0.5	0.59	4.4	2,115	2183	453
Las Palomas	Chip Channel	0.8	0.57	2.3	1,824	47	177

- ***San Martin*** hosts gold in oxidized granite and gneiss pervasive hematite and limonite alteration. Mineralization is quartz stockwork along foliation and cross cutting quartz veinlets. San Martin has a series of historical mines oriented 155- and 180-degrees azimuth, dipping strongly to the West and East in lengths that vary from 150 to 200 meters, over an area of 1,250 meters in length and 750 meters in width. Several historical workings and areas of strong hematite alteration were sampled, and assay results are shown in Table 4. The key take-away of the sampling and geological work to date in the San Martin area is the fact that the historical high-grade small mines are aligned with North-South trending structures with lower grade hematite stockwork in low-angle veining structures in the host rock, opening the possibility of finding high volume bulk deposits.

Table 4: **Assay Results of Chip Rock Samples on San Martin Area Above 0.50 g/t Au**

AREA	TYPE OF SAMPLE	LENGTH (m)	Au g/t	Ag g/t	Pb PPM	Zn PPM	Cu PPM
San Martín	Chip Channel	1.5	13.70	0.4	22	77	49
San Martín	Chip Channel	2.0	9.20	1.4	5	37	45
San Martín	Chip Channel	1.0	7.12	3.3	39	24	35
San Martín	Chip Channel	1.0	6.70	1.5	469	30	22
San Martín	Chip Channel	1.0	6.23	1.4	786	303	46
San Martín	Chip Channel	2.0	5.16	0.7	10	47	130
San Martín	Chip Channel	0.8	4.51	4.7	3,285	133	407
San Martin	Chip Channel	1.9	4.09	0.5	20	59	241
San Martin	Chip Channel	0.7	3.37	0.4	201	223	202
San Martín	Chip Channel	1.2	3.13	0.7	44	31	81
San Martin	Chip Channel	2.0	2.84	2.3	290	262	46
San Martín	Chip Channel	1.0	2.70	0.4	152	20	168
San Martín	Chip Channel	1.2	2.59	2.7	1,452	200	81
San Martín	Chip Channel	0.9	2.44	0.5	16	16	26
San Martin	Chip Channel	0.8	1.71	0.2	25	65	15
San Martin	Chip Channel	2.0	1.65	0.2	17	77	49
San Martin	Chip Channel	2.0	1.61	3.3	247	734	36
San Martin	Chip Channel	2.0	1.59	0.3	78	205	28
San Martín	Chip Channel	1.0	1.56	1.4	2,464	1,509	191
San Martín	Chip Channel	2.0	1.27	0.2	10	21	31
San Martin	Chip Channel	2.0	1.21	0.8	153	307	23
San Martin	Chip Channel	2.0	1.12	2.0	151	323	45
San Martín	Chip Channel	1.5	0.93	4.4	3,714	2,053	95
San Martín	Chip Channel	2.0	0.81	1.2	169	27	68
San Martín	Chip Channel	1.5	0.64	0.2	11	55	38
San Martín	Chip Channel	2.0	0.62	0.2	10	18	96
San Martín	Chip Channel	2.0	0.60	0.8	72	67	101
San Martin	Chip Channel	2.0	0.59	0.8	5	43	133
San Martin	Chip Channel	0.4	0.58	0.2	22	42	123
San Martin	Chip Channel	1.3	0.57	0.2	73	124	87
San Martín	Chip Channel	2.0	0.50	0.2	13	42	51

- ***Represo Seco*** is a high grade sheeted and brecciated vein system with three generations of quartz; white, crystalline quartz and chalcedony-drusy, filling open spaces in granite two meters thick with a strike length of 65 meters at the Represo Seco site and is open ended. Rock chip samples indicate a strong possibility of stacked gold structures along faults in the granite host. Magna collected a trench sample that ran 7 g/t Au at Represo Seco. Mapping and sampling are ongoing to the southwest to the property boundary with outcrops containing stockwork with hematite, jarosite, limonite, sericite alteration, clays, chlorite, bands of crackled jasperoid silica, and fine-grained magnetite disseminated in fractures. The host rock is granite. Rock samples have been collected over a strike length of several kilometers and additional assay results will be reported when received.

Table 5: **Assay Results of Chip Rock Samples on Represo Seco Area Above 0.50 g/t Au.**

AREA	TYPE OF SAMPLE	LENGTH (m)	Au g/t	Ag g/t	Pb PPM	Zn PPM	Cu PPM
Represo Seco	Chip Channel	0.5	7.41	2.8	226	142	153
Represo Seco	Chip Channel	1.9	6.03	2.4	970	76	235
Represo Seco	Chip Channel	1.8	5.08	1.7	576	65	209
Represo Seco	Grab Sample	--	3.25	5.1	2,417	398	190
Represo Seco	Chip Channel	2.3	2.10	0.7	1,312	26	179
Represo Seco	Chip Channel	1.0	1.85	5.5	2,799	128	540
Represo Seco	Chip Channel	1.0	1.52	4.2	1,538	107	177
Represo Seco	Chip Channel	1.0	0.98	54.9	8,102	60	1,203
Represo Seco	Chip Channel	1.5	0.71	10.6	5,299	79	1,255

- ***Cueva del León*** hosts argillic altered intrusive felsic rocks that strike north south and dip 45° generally to the west. Initial assays have been in the 0.59 to 4.99 g/t Au range Located in the south-central portion of the property, it is an area with gold mineralization that extends in the direction of E-W, being the most notable evidence a series of historical mines occurring in a line of about 100-120 meters, the most important of which is La Cueva del Leon adit, developed along a vein of quartz and stockwork of quartz-hematite in a gneiss sequence. The mineralized area in its projection to the west is lost in the valley under the alluvial cover, towards Represo Seco as described above. It is necessary to extend the exploration in both directions of Cueva del Leon, perpendicular to the general dip of the known structure, to know its relationship with others exposed to the north and south.

Table 6: **Assay Results of Chip Rock Samples on Cueva del León Area Above 0.50 g/t Au.**

AREA	TYPE OF SAMPLE	LENGTH (m)	Au g/t	Ag g/t	Pb PPM	Zn PPM	Cu PPM
Cueva de León	Chip Channel	1.1	4.99	23.1	14,500	67	641
Cueva de León	Chip Channel	1.0	4.28	4.5	2,409	84	149
Cueva de León	Chip Channel	1.2	2.03	6.5	4,233	40	294
Cueva de León	Chip Channel	1.5	1.90	23.9	6,982	54	318
Cueva de León	Chip Channel	1.0	1.80	3.8	1,094	53	96
Cueva de León	Chip Channel	1.2	1.01	6.4	2,393	27	195
Cueva de León	Chip Channel	2.4	0.99	9.1	4,238	79	50
Cueva de León	Chip Channel	1.8	0.83	2.4	329	66	29
Cueva de León	Chip Channel	2.0	0.73	5.5	3,804	37	88
Cueva de León	Chip Channel	2.0	0.62	4.3	704	53	88
Cueva de León	Chip Channel	1.1	0.59	5.0	1,734	34	113

Current Activities

Mercedes Property

The following table summarizes the Company's current plans at the Mercedes Property, the total estimated costs, and total expenditures incurred to date.

Plans for the projects in 2020/2021	Spent in Fiscal 2020 (approx.)	Planned Expenditures for Fiscal 2021 (approx.)
• Complete geology mapping and sampling on SW extension of La Lamosa and La Cueva targets. • Reverse circulation drill program on Mina del Oro. • IP-R along the Quartz/Tourmaline breccias (4km) and along La Lamosa-Mina del Oro (2km). • Compile and review data to generate a reverse circulation drill program on La Lamosa south extension, still open. 1,000m. • Compile and review data to generate a core drill program on the Quartz/tourmaline breccias. • Review interpretation of the drilling results and decide future exploration works, follow step and infill drilling.	$1,264,000	US$200,000

San Judas Project

The following table summarizes the Company's current plans at the San Judas Project, the total estimated costs, and total expenditures incurred to date.

Plans for the project in 2020/2021	Spent in Fiscal 2020 (approx.)	Planned Expenditures for Fiscal 2021 (approx.)
• Develop a structural model based on the ongoing geological mapping and the gold mineralization in sampling work. • Identify which geophysical method adapts best to this part of the Megashear to support drill targets. • Execute a reverse circulation drill program along the Santa Lucia-Palomas-San Martin trend as well as on the Represo Seco target. • Interpretation of Drilling Phase 1.	$203,000 (1)	US$800,000

• Identify phase 2 infill drill targets.		

(1) Included in investigation costs.

Las Marias Property

The following table summarizes the Company's current plans at the Las Marias Project, the total estimated costs, and total expenditures incurred to date.

Plans for the project in 2020/2021	Spent in Fiscal 2020 (approx.)	Planned Expenditures for Fiscal 2021 (approx.)
• Extend geophysical works	$15,000	US$50,000

QA/QC Program

The exploration works and their results mentioned in this MD&A comply with the QA/QC protocols, which consists of the regular insertion of duplicates, blanks and certified reference standards into the sample stream. Check samples were submitted to an umpire laboratory at the end of the drilling program. Samples are kept in a secure facility and transferred to Bureau Veritas in Hermosillo, Mexico in sealed containers on a weekly basis from the work site by the Company's own Lab personnel. Personnel handling samples are using Company-approved protocols for all phases of chip logging, sample delineation, sample layout, and storage. Bureau Veritas is ISO 9001 certified. Bureau Veritas has a standard operating procedure ("SOP") for all aspects of sample drop off, drying and preparation, digestion, instrument analysis, quality control assurance and computerized data reporting. QA/QC Protocols applies both, chips rock and soil samples.

Update on the San Francisco Mine

Gold production in May 2020 was 2,349 ounces and in June 2020 it reached 2,738 ounces. The Company also recently mobilized the mining contractor and commenced processing of low-grade stockpile material. Magna expects to recognize additional gold production starting in late August.

The Company has retained Micon International Limited to complete a Pre-Feasibility Study to re-evaluate the resource model, examine potential operational improvements and develop an optimized production schedule that incorporates all currently available drill data, updated operating costs and revised gold price assumptions. It is anticipated that the Pre-Feasibility Study will be completed by the end of July, at which time Magna plans to provide formal production and cash cost guidance for the balance of the year.

Magna will also start mining and processing fresh mineralized material from both the San Francisco and La Chicharra open pits in August upon completion of the Pre-Feasibility Study. Initial gold production from processing of fresh mineralized material and stockpile material will underpin production growth starting in late 2020 and offset the steady decline in production levels expected from the residual leach.

Magna will also be initiating a four-month drill program, primarily comprised of infill drilling in and around the San Francisco and La Chicharra open pits, to support the conversion of mineral resources to reserves, a corresponding increase in mine life, and improve our ability to further optimize the production plan after completion of the Pre-Feasibility Study. This drill program and its corresponding optimization studies, including updated metallurgical test work, is expected to be completed by calendar Q4 2020 at an estimated cost of US$1,530,000

Trends

During property acquisition, exploration, and financial planning, management monitors gold demand and supply balances as well as price trends. In addition to monitoring gold prices, management also monitors financing activities in the Junior Mining Sector as this represents the sector in which Magna operates.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global gold prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian and United States dollar and Mexican Peso; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of Magna in Canada. The Mexican government had imposed restrictions on mining activities which were lifted on May 18, 2020.

Due to the May 6, 2020 and June 1, 2020 private placements, management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Magna in future periods.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Financial Highlights

Financial Performance

Year ended March 31, 2020 compared to year ended March 31, 2019

The Company's net loss totaled $5,196,630 for the year ended March 31, 2020, with basic and diluted loss per share of $0.14. This compares with a net loss of $909,351 with basic and diluted loss per share of $0.04 for the year ended March 31, 2019. The increase in net loss of $4,287,279 was principally because:

- Exploration and evaluation expenditures increased to $3,040,514 for the year ended March 31, 2020 (year ended March 31, 2019 - $nil). See "Exploration update" above.

- During the year ended March 31, 2020, administrative expenses increased to $469,960 compared to $196,133 in the comparative period. In general, administrative expenses increased due to ongoing support costs in Mexico.

- Professional fees increased to $475,716 for the year ended March 31, 2020 (year ended March 31, 2019 - $184,516). The increase was due to the Company's Qualifying Transaction that was completed during the year ended March 31, 2020 and ongoing legal and accounting support costs.

- Investigation costs decreased to $186,420 for the year ended March 31, 2020 (year ended March 31, 2019 - $359,195). The decrease was due to the Company's completion of its Qualifying Transaction.

- VAT (Value added taxes in Mexico) expense increased to $339,799 for the year ended March 31, 2020 (year ended March 31, 2019 - $76,034). The Company expenses this VAT as it is unsure of collection.

- Business development costs increased to $264,202 for the year ended March 31, 2020 (year ended March 31, 2019 - $nil). The increase can be attributed to increased expenditures on investor relations services.

- There was an increase of $307,943 in salaries and benefits, which includes share-based compensation, for the year ended March 31, 2020 over the 2019 period. Share-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Refer to "Related Party Transactions" below for details of corporate salaries.

Three months ended March 31, 2020 compared with three months ended March 31, 2019

The Company's net loss totaled $897,901 for the three months ended March 31, 2020, with basic and diluted loss per share of $0.02. This compares with a net loss of $300,395 with basic and diluted loss per share of $0.01 for the three months ended March 31, 2019. The increase in net loss of $597,506 was principally because:

- Exploration and evaluation expenditures increased to $798,723 for the three months ended March 31, 2020 (three months ended March 31, 2019 - $nil). See "Exploration update" above.

- During the three months ended March 31, 2020, administrative expenses decreased to $33,830 compared to $63,801 in the comparative period. In general, administrative expenses decreased due to cost reductions in Mexico.

- VAT expense decreased to $35,641 for the three months ended March 31, 2020 (three months ended March 31, 2019 - $76,034). The Company expenses this VAT as it is unsure of collection.

- Business development costs increased to $103,878 for the three months ended March 31, 2020 (three months ended March 31, 2019 - $nil). The increase can be attributed to increased expenditures on investor relations services.

Cash Flow

At March 31, 2020, the Company had cash of $228,709, compared to $1,620,930 at March 31, 2019. The decrease in cash of $1,392,221 from the March 31, 2019 cash balance of $1,620,930 was as a result of cash outflows in operating activities of $4,003,878, cash inflows from financing activities of $2,694,744 and cash outflows from investing activities of $6,172. Operating activities were affected by share-based compensation of $37,225, exploration costs of $1,061,174, which included 2,442,105 Common Shares issued at $0.32 per share and 1,000,000 Common Shares issued at $0.28 per share, shares for services of $25,000, which included 99,502 Common Shares issued at $0.25 per share and a net change in non-cash working capital balances of $69,353 because of an increase in receivables and other assets of $47,860 and a increase in accounts payable and other liabilities of $117,213. Financing activities included the exercise of stock options in the amount of $49,985, a decrease in funds in escrow of $1,645,849, share issue costs in the amount of $8,040 and funds received in advance for shares to be issued in the amount of $1,006,950. Investing activities included the repayment of loan payable in the amount of $6,172.

Liquidity and Financial Position

As at March 31, 2020, the Company derived no income from operations, as all of its projects since inception have been exploration projects. Accordingly, the activities of the Company have been financed by cash raised through private placements of securities and its initial public offering. The Company will continue to rely primarily upon the sale of securities to raise capital, and possible gold sales from the San Francisco Mine. As a result, the availability of financing, as and when needed, to fund the Company's activities cannot be assured. See "Risk Factors" below.

The Company believes it is able to generate sufficient amounts of cash and cash equivalents for the twelve months ended March 31, 2021, to fund corporate costs, its upcoming exploration and development plans of US$1,050,000 and its drill program and its corresponding optimization studies for the San

Francisco Mine, including updated metallurgical test work at an estimated cost of US$1,530,000, taking into account the May 6, 2020 and June 1, 2020 private placements.

The commitment of US$5,000,000 in cash or a 1% net smelter return royalty in respect of the San Francisco Mine, at the election of Magna, is expected to be paid after March 31, 2021 and before May 6, 2021. In addition, Molimentales has agreed to pay US$3,495,130 (plus valued added taxes of 16%) in cash to Peal subsequent to March 31, 2021 and before December 30, 2021.

The cost of acquisition and work commitments on new acquisitions cannot be accurately estimated.

It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Company. For these reasons, management considers it to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed, or for other purposes, as needs arise. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements"

Changes in capital markets, including a decline in the market price for gold, could materially and adversely impact Magna's ability to continue as a going concern. Additional measures have been undertaken or are under consideration to further reduce corporate overhead.

Summary of Quarterly Information

The Company is an exploration stage mineral resources company. Issues of seasonality have not had an impact on our results or operations, however, commodity market fluctuations, and fluctuations in the price of gold, in particular, have impacted our exploration activities and our ability to grow through acquisition or other means, and may continue to do so in the future. Over the past eight quarters, variations in the quarterly net income (loss) were caused by fluctuations in exploration and evaluation expenditures and general and administrative expense. Stock-based compensation expense varies from quarter-to-quarter depending on the number of stock options granted in a quarter, their vesting periods, and the inputs, including assumptions used in the Black-Scholes Option Pricing Model, which is used to calculate the fair value of the stock options.

Three Months Ended	Net Revenues ($)	Net (Loss)	
		Total ($)	Basic and Diluted (Loss) per Share ($) [9]
March 31, 2020	-	(897,901) [1]	(0.02)
December 31, 2019	-	(1,219,474) [2]	(0.03)
September 30, 2019	-	(1,691,377) [3]	(0.04)
June 30, 2019	-	(1,387,878) [4]	(0.04)
March 31, 2019	-	(300,395) [5]	(0.01)
December 31, 2018	-	(279,141) [6]	(0.01)
September 30, 2018	-	(188,090) [7]	(0.01)
June 30, 2018	-	(141,725) [8]	(0.01)

Notes:

(1) Net loss of $897,901, related to exploration and evaluation of $798,723, administrative expenses of $33,830, professional fees of ($107,413), VAT expense of $35,641, investigation costs of ($191,627), business development costs of $103,878, reporting issuer costs of $16,880, consulting of (81,687), salaries and benefits of $285,726, and foreign exchange of $3,950.

(2) Net loss of $1,219,474, related to exploration and evaluation of $502,151, administrative expenses of $210,228, professional fees of $26,346, VAT expense of $136,755, investigation costs of $238,545, business development costs of $72,962, reporting issuer costs of $10,784, consulting of $61,687, share-based compensation of $nil, and foreign exchange of ($39,984).

(3) Net loss of $1,691,377, related to exploration and evaluation of $912,977, administrative expenses of $157,987, professional fees of $283,008, VAT expense of $127,142, investigation costs of $83,664, business development costs of $78,559, reporting issuer costs of ($1,725), consulting of $20,000, share-based compensation of $37,225, and foreign exchange of ($7,460).

(4) Net loss of $1,387,878, related to exploration and evaluation of $826,663, administrative expenses of $67,915, professional fees of $273,775, VAT expense of $40,261, investigation costs of $55,838, business development costs of $8,803, reporting issuer costs of $66,212, consulting of $nil, share-based compensation of $nil, and foreign exchange of $48,411.

(5) Net loss of $300,395, related to Qualifying Transaction investigation costs of $88,435, professional fees of $49,903, reporting issuer costs of $20,710, administrative of $63,801, VAT expense of $76,034 and foreign exchange loss of $1,512.

(6) Net loss of $279,141 related to Qualifying Transaction investigation costs of $143,506, professional fees of $41,436, reporting issuer costs of $12,101, administrative of $72,484 and foreign exchange loss of $9,614.

(7) Net loss of $188,090 related to Qualifying Transaction investigation costs of $46,747, share-based compensation of $15,008, professional fees of $51,179, reporting issuer costs of $16,044, administrative of $59,560 and foreign exchange gain of $448.

(8) Net loss of $141,725 related to Qualifying Transaction investigation costs of $80,507, professional fees of $41,998, reporting issuer costs of $18,932 and bank charges of $288.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that has not previously been discussed.

Proposed Transactions

There was no material proposed transactions as of the date of this MD&A.

New Standards and Interpretations

Leases and right of use assets

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16" – effective January 1, 2019), replacing IAS 17 Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position. At April 1, 2019, the Company adopted IFRS 16 which resulted in no material impact on the consolidated financial statements.

All leases are accounted for by recognizing a right of use asset and a lease liability except for:

- Leases of low value assets;
- Leases with a duration of twelve months or less; and
- Leases to explore for minerals, oil, natural gas, or similar non regenerative resources.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to exercise that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are amortized on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

IFRIC 23 – Uncertainty over Income Tax Treatments

The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") on April 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments is recognized at the most likely amount or expected value. The adoption of IFRIC 23 had no impact on the consolidated financial statements.

Financial Instruments

The carrying values of the Company's financial instruments, consisting of cash, funds held in escrow, accounts payable and other liabilities and loan payable, approximate their fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

As at March 31, 2020, the Company had working capital of $1,078,908 (2019 - $4,180,159) and is not exposed to any significant liquidity risk.

The Company holds balances in foreign currencies which creates foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rates against the Canadian Dollar would have affected the reported loss and comprehensive loss by approximately $13,000 (2019 - $12,000).

Capital Management

The Company includes equity, comprised of issued share capital, contributed surplus, accumulated other comprehensive loss and deficit in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating qualifying transactions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and completion of the Qualifying Transaction.

There has been no change with respect to the overall capital risk management strategy during the year ended March 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.

Additional Disclosure for Venture Issuers Without Significant Revenue

	Year Ended March 31, 2020 $	Year Ended March 31, 2019 $
Exploration and evaluation	3,040,514	nil
Professional fees	475,716	184,516
Administrative	469,960	196,133
VAT expense	339,799	76,034
Salaries and benefits	322,951	15,008
Business development	264,202	nil
Investigation costs	186,420	359,195
Reporting Issuer costs	92,151	67,787
Foreign exchange	4,917	10,678
Total	**5,196,630**	**909,351**

Outlook

The Company will continue to monitor its spending and will amend its plans based on business opportunities that may arise in the future. The Company is in the process of merging its current business activities with the San Francisco Mine Acquisition.

Selected Annual Financial Information

The following is selected financial data derived from the audited financial statements.

	Year Ended March 31, 2020	Year Ended March 31, 2019	From January 9, 2018 (Date of Incorporation) to March 31, 2018
Net (loss)	$(5,196,630)	$(909,351)	$(26,505)
Net (loss) per share (basic and diluted)	$(0.14)	$(0.04)	$(0.01)
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2018**
Total assets	$1,288,630	$4,278,840	$2,349,747

Related Party Transactions

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and other members of key management personnel, were as follows:

(a) During the year ended March 31, 2020, travel expenses of $4,816 (2019 - $63,820) were incurred by Arturo Bonillas, a corporate officer of the Company, in order to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4 section 8.2(b). These expenses were included in investigation costs in the consolidated statements of net loss and comprehensive loss.

(b) Advances of $nil were provided to Arturo Bonillas which were included in prepaid expenses as at March 31, 2020 (2019 - $3,473).

(c) From June 6, 2019 to March 31, 2020, the Company paid for compliance services and disbursements of $75,338 to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, and Marrelli Press Release Services, collectively, the "Marrelli Group":

- Chief Financial Officer ("CFO") services provided by Carmelo Marrelli;
- Bookkeeping services;
- Regulatory filing services;

- Press release services; and
- Corporate secretarial services.

Carmelo Marrelli, who is the CFO of Magna, beneficially controls the Marrelli Group through corporate and family relationships. These services are required by Magna to maintain its reporting issuer status and are made on terms equivalent to those that prevail with arm's length transactions. As at March 31, 2020, the Marrelli Group was owed $4,760 and this amount is included in amounts payable and other liabilities.

(d) During the year ended March 31, 2020, share-based compensation of $nil (March 31, 2019 - $15,008) was attributed to Arturo Bonillas, a corporate officer of the Company.

(e) The Company defines its key management personnel as its Board of Directors, CEO, CFO and Vice President of Exploration. Remuneration of Directors and key management personnel of the Company, excluding the CFO (disclosed in (c) above), was as follows:

Stock-based compensation (*)	**Year Ended March 31, 2020 $**	**Year Ended March 31, 2019 $**
Arturo Bonillas, CEO	179,964	nil
Miguel Soto, Vice President of Exploration	105,762	nil
Total	**285,726**	**nil**

(*) The Board of Directors do not have employment or service contracts with the Company. There were no director fees accrued or paid during the year ended March 31, 2020 and 2019. Salaries and benefits excludes fees paid to the CFO and companies he controls for each period presented.

Disclosure of Outstanding Share Data

As of the date of this MD&A, the Company had 84,557,906 common shares outstanding, with the following held in escrow.

	As of July 13, 2020
CPC Escrow	3,750,000 common shares 120,000 options
Value Escrow	187,500 common shares
TOTAL	3,937,500 common shares 120,000 options

In addition, the Company had the following warrants and stock options outstanding at the date of this MD&A:

Warrants

- 96,185 non-transferable warrants with each warrant being exercisable for one common share at a price of $0.35 per common share until May 6, 2022;
- 632,975 non-transferable warrants with each warrant being exercisable for one common share at a price of $0.41 per common share until June 1, 2022.

Options

- 200,000 stock options with each stock option being exercisable for one common share at a price of $0.10 per common share until August 15, 2023.
- 2,250,000 stock options with each stock option being exercisable for one common share at a price of $0.98 per common share until June 29, 2025.

Subsequent Events

San Francisco Mine Acquisition

On May 6, 2020, Magna closed the acquisition of the San Francisco Mine located in Sonora, Mexico (the "Acquisition") pursuant to a definitive share purchase agreement dated March 5, 2020, as amended April 24, 2020 (the "Definitive Agreement"), between Timmins GoldCorp Mexico S.A. de C.V. ("Timmins"), a wholly owned subsidiary of Alio Gold Inc. ("Alio"), and the Company.

Under the terms of the Definitive Agreement, Magna acquired ownership of Alio's indirect wholly owned subsidiary, Molimentales del Noroeste, S.A. de C.V. ("Molimentales"), in exchange for (i) the issuance to Timmins of 9,740,000 common shares in the capital of the Company (the "Consideration Shares") at a fair value of $0.35 per Consideration Share; and (ii) US$5,000,000 in cash or a 1% net smelter return royalty in respect of the San Francisco Mine, at the election of Magna, on or before May 6, 2021.

The Consideration Shares are subject to a lock-up agreement until the earlier of (i) May 6, 2021; and (ii) the date on which Timmins and its affiliates collectively hold less than 9.9% of the issued and outstanding common shares in the capital of the Company ("Common Shares") on an undiluted basis. In the event that Timmins wishes to sell any or all of its Common Shares, Magna will have the option to arrange the purchaser of such shares until Timmins and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares on an undiluted basis.

Inmobiliaria y Hotelera Los Algodones, S.A. de C.V. ("Los Algodones") filed an executive mercantile lawsuit against Molimentales claiming the remaining balance of the sale price of five mining concessions (namely, San Francisco, San Francisco Dos, San Francisco Cuatro, Llano II and Llano III) sold by Geomaque de Mexico, S.A. de C.V. to Molimentales for the amount of US$1,725,000. Molimentales was ordered to pay the amount of the promissory note, being US$1,725,000. The judgement was appealed and the appeal court confirmed the judgement. Therefore, an amparo was filed and the court ordered that Molimentales' arguments be reviewed. The first judgement was again confirmed and a new amparo was filed, which is still under review. In connection with such proceedings, the court ordered a cautionary seizure be recorded over seven mining concessions (namely, San Francisco, San Francisco Dos, San Francisco Cuatro, Llano II, Llano III, Llano IV and Llano V) in favour of Los Algodones.

In connection with the Acquisition, Medalist Capital Ltd. and Trinity Advisors Corporation received advisory fees consisting of an aggregate of $240,000 in cash and the issuance of an aggregate of 1,029,999 Common Shares (the "Compensation Shares") at a fair value of $0.35 per Compensation Share. The Compensation Shares are subject to a hold period in accordance with applicable Canadian securities laws which will expire on September 7, 2020.

May 6, 2020 Private Placement

On May 6, 2020, Magna also closed a non-brokered private placement (the "Private Placement") consisting of 5,714,286 Common Shares (the "Offered Shares") at a price of $0.35 per Offered Share for aggregate gross proceeds of approximately $2,000,000. The net proceeds from the Private Placement will be used for the acquisition of, and for working capital purposes in connection with, the San Francisco Mine. In connection with the Private Placement, the Company has: (i) paid approximately $28,400 in cash finder's fees to Canaccord Genuity Corp. and issued 34,260 Common Shares (the "Finder's Shares") to

Medalist Capital Ltd. at a fair value of $0.35 per Finder's Share in lieu of cash finder's fees, representing 6% of the gross proceeds of the Offered Shares that were sold to subscribers introduced by such parties; and (ii) issued an aggregate of 96,185 non-transferable warrants (the "Finder's Warrants") to Canaccord Genuity Corp. and Medalist Capital Ltd., representing 5% of the Offered Shares that were sold to subscribers introduced by such parties, with each Finder's Warrant being exercisable for one Common Share at a price of $0.35 per Common Share until May 6, 2022.

The securities issued in connection with the Private Placement are subject to a hold period in accordance with applicable Canadian securities laws which will expire on September 7, 2020. The Private Placement is subject to the final acceptance of the Exchange.

Arturo Bonillas, an officer and a director of the Company subscribed for 285,714 Offered Shares under the Private Placement on the same terms as arm's length investors.

As at March 31, 2020, the Company held proceeds of $1,006,950 towards the Private Placement in escrow.

Peal Settlement

In connection with the Acquisition, the Company has also entered into a binding letter of intent with Peal de Mexico, S.A. de C.V. ("Peal"), the prior mining contractor for the San Francisco Mine, to settle the existing arbitration proceedings between Peal and Molimentales, which owns a 100% interest in the San Francisco Mine, for aggregate consideration of approximately US$6,354,783 (plus valued added taxes (16%)), to be satisfied by the issuance of 11,000,000 Common Shares (the "Settlement Shares") at a fair value of $0.35 per Settlement Share on the date of settlement and US$3,495,130 (plus valued added taxes (16%)) to be paid in cash within a period of 18 months from the date of settlement, with a grace period of six months at the election of the Company (the "Settlement").

The Settlement Shares will be subject to a lock up agreement until the earlier of (i) the date that is 12 months from the issuance of the Settlement Shares and (ii) the date on which Peal and its affiliates collectively hold less than 9.9% of the outstanding Common Shares. In the event that Peal wishes to sell any or all of the Settlement Shares, the Company will have the option to arrange the purchaser of such shares so long as Peal and its affiliates collectively hold more than 9.9% of the outstanding Common Shares. For so long as Peal and its affiliates collectively hold 10% or more of the outstanding Common Shares, Peal shall have the right to participate in any future share issuance made by the Company up to a maximum of 19% of the outstanding Common Shares on the same terms as the applicable equity offering, subject to certain customary exceptions.

The Settlement is subject to a number of conditions customary for a transaction of this nature, including the entering into of definitive documentation and the receipt of all required regulatory approvals, including the acceptance of the Exchange.

The Settlement Shares will be subject to resale restrictions pursuant to the policies of the Exchange which will expire four months and one day from the date of issuance of the Settlement Shares.

June 1, 2020 Private Placement

On June 1, 2020, Magna announced that it has closed a non-brokered private placement of 17,075,000 Common Shares (the "Offered Securities") at a price of $0.41 per Offered Security for aggregate gross proceeds of $7,000,750 (the "Financing"). The Financing was fully subscribed and included lead investments by Eric Sprott and two mining industry participants.

The net proceeds from the Financing will be used for working capital purposes in connection with the Company's existing projects.

In connection with the Financing, the Company has: (i) issued an aggregate of 759,570 Common Shares (the "Finder's Shares II") to Canaccord Genuity Corp. and Medalist Capital Ltd. at a fair value of $0.41 per Finder's Share II in lieu of cash finder's fees, representing 6% of the gross proceeds of the Offered Securities that were sold to subscribers introduced by such parties; and (ii) issued an aggregate of 632,975 non-transferable warrants (the "Finder's Warrants II") to Canaccord Genuity Corp. and Medalist Capital Ltd., representing 5% of the Offered Securities that were sold to subscribers introduced by such parties, with each Finder's Warrant II being exercisable for one Common Share (the "Finder's Warrant Shares II") at a price of $0.41 per Finder's Warrant II Share until June 1, 2022. The securities issued in connection with the Financing are subject to a hold period in accordance with applicable Canadian securities laws which will expire on October 2, 2020.

"NI 43-101F1 Technical Report for the San Francisco Gold Project, Sonora, Mexico" and dated June 1, 2020.

On June 22, 2020, the Company announced that, further to its news release dated May 6, 2020 and in satisfaction of the requirements of the Exchange, it has filed an independent technical report entitled "NI 43-101F1 Technical Report for the San Francisco Gold Project, Sonora, Mexico" and dated June 1, 2020. The Technical Report was prepared by William J. Lewis, P.Geo., and Richard M. Gowans, P.Eng., of Micon International Limited, and Rodrigo CallesMontijo, CPG, of Servicios Geológicos IMEx, S.C. A copy of the Technical Report is available under Magna's profile on SEDAR at **www.sedar.com.**

Stock Options Granted

On June 29, 2020, the Company announced that it has granted a total of 2,250,000 incentive stock options to purchase common shares of the Company to certain officers, directors and consultants of the Company pursuant to the Company's stock option incentive plan. Such options are exercisable at a price of $0.98 for a period of five years. The common shares issuable upon exercise of the options are subject to a four-month hold period which will expire on October 30, 2020.

Magna Announces Settlement of Existing Arbitration Proceedings in Relation to the San Francisco Mine

On June 30, 2020, Magna announced that, further to its news release dated April 24, 2020, its subsidiary, Molimentales, has entered into a definitive agreement with Peal to settle the existing arbitration proceedings between Peal and Molimentales in relation to the Company's San Francisco gold mine located in Sonora, Mexico. Pursuant to the terms of the definitive agreement, Peal has agreed to the Settlement in exchange for aggregate consideration of approximately US$6,354,783 (plus value added taxes of 16%) (the "Consideration"). In satisfaction of the Consideration, the Company issued 11,000,000 common shares in the capital of the Company to Peal at a fair value of $0.35 per Settlement Share and Molimentales has agreed to pay US$3,495,130 (plus valued added taxes) in cash to Peal by December 30, 2021.

The Settlement Shares are subject to a lock-up agreement until the earlier of (i) June 30, 2021 and (ii) the date on which Peal and its affiliates collectively hold less than 9.9% of the outstanding common shares in the capital of the Company. In the event that Peal or any of its affiliates wishes to sell or transfer any or all of the Settlement Shares, the Company will have the option to arrange for the purchaser of such shares until the date on which Peal and its affiliates collectively hold less than 9.9% of the issued and outstanding common shares in the capital of the Company. Until the date on which Peal holds less than 10% of the issued and outstanding common shares in the capital of the Company, Peal will have the right to participate in any future issuance or sale by the Company of common shares in the capital the Company or securities convertible into common shares in the capital of the Company on a pro rata basis in proportion to, and to maintain, its percentage interest in the issued and outstanding common shares in the capital of the Company immediately prior to the applicable issuance or sale (up to a maximum percentage interest of 19%) on the same terms that such securities are offered for issuance or sale to other purchasers, subject to certain customary exceptions.

The Settlement is subject to the receipt of all required regulatory approvals, including the final acceptance of the Exchange. The Settlement Shares are subject to resale restrictions pursuant to the policies of the Exchange which will expire on October 31, 2020.

Risk Factors

There are many risk factors facing companies involved in the mineral exploration and development industry. Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company but may not be the only risks faced by the Company. Risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely affect the Company's business, projections, results of operations and/or condition (financial or otherwise).

Commercial Production Risk

There can be no assurance that processing minerals through the processing facilities at the San Francisco Mine from any newly-discovered resource, or from any residual or newly-discovered resource within the San Francisco Mine, will be feasible or that the Company will attain any benefit. There can be no assurance that it will be economically feasible to resume production at the San Francisco Mine. Consequently, there can be no assurance that commercial production at the San Francisco Mine will resume.

Industry and Mineral Exploration Risk

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves, to develop metallurgical processes and, if necessary, to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on many factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration and development of mineral resources, including unusual and unexpected geology formations, rock bursts, caveins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to life or property, environmental damage and possible legal liability. The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of reserves. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Estimates of Mineral Resources and Mineral Reserves Risk

Mineral reserves and mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that mineral reserves can be mined or processed profitably. Mineral reserve and mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data, the nature of the ore body and of the assumptions made and judgments used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience. Fluctuations in metal prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties, may require revision of mineral reserve and mineral resource estimates. Prolonged declines in the market price of gold (or applicable by-product metal prices) may render mineral reserves containing relatively lower grades of mineralization uneconomical to recover and could materially reduce any mineral reserves. Should reductions in any mineral resources or mineral reserves occur, the Company may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources and mineral reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and mineral reserves and corresponding grades being mined and, as a result, the volume and grade of mineral reserves mined and processed and recovery rates may not be the same as anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of the Company's ability to extract these mineral reserves, could have a material adverse effect on the Company's results of operations and financial condition. Mineral resources are not mineral reserves and have a greater degree of uncertainty as to their existence and feasibility. There is no assurance that any mineral resources will be upgraded to proven or probable mineral reserves.

Construction and Start-Up of New Mines Risk

The success of construction projects and the start-up of new mines by the Company is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of ore passes, the adsorption/desorption/recovery plants and conveyors to move ore, among other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start up plans implemented by the Company will be successful, that the Company will be able to obtain sufficient funds to finance construction and start up activities, that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects, that the Company will be able to obtain all necessary governmental approvals and permits or that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Company. Any of the foregoing factors could adversely impact the operations and financial condition of the Company.

Geopolitical Risk

The Company's mineral properties are located in Mexico. The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, currency availability, income taxes, royalties on production, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and mine and/or site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Company and may adversely affect its business. Operating in developing economies such as Mexico has certain risks, including changes to, or invalidation of, government mining regulations; expropriation or revocation of land or property rights; changes in foreign ownership rights; changes in foreign taxation rates; security issues; corruption; uncertain political climate; narco-terrorist actions or activities; and lack of a stable economic climate.

Government Regulation

Exploration, development and mining of minerals are subject to extensive federal, provincial, state and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, environmental protection and remediation, endangered and protected species, mine safety and other matters. Although the Company's activities are currently carried out in accordance with all applicable rules and regulations governing operations and exploration activities, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied or amended in a manner that could have a material adverse effect on the business, financial condition and results of operations of the Company.

These laws and regulations are administered by various governmental authorities including the federal, provincial, state and municipal governments of Canada and Mexico.

Financing Risk

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing debt and equity market conditions, the price of gold, the performance of the Company and other factors outlined herein. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted.

Operating Hazards Risks

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Company's exploration activities will be subject to the availability of third-party contractors and equipment. There are also physical risks to the exploration personnel.

Uninsured Risks

Hazards such as unusual or unexpected geological formations and other conditions are involved in mineral exploration and development and mining. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material adverse effect on the Company's financial position and results of operations.

The Company maintains insurance to protect against certain risks for amounts which it considers adequate, however, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Compliance with Anti-Corruption Laws

The Company is subject to various anti-corruption laws and regulations including, but not limited to, the *Corruption of Foreign Public Officials Act* (Canada). In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's primary operations are located in Mexico, a country which is perceived as having fairly high levels of corruption. The Company cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

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

As a consequence of these legal and regulatory requirements, the Company has instituted policies with regard to business ethics, which have been designed to ensure that the Company and its employees comply with applicable anti-corruption laws and regulations. However, there can be no assurance or guarantee that such efforts have been and will be completely effective in ensuring the Company's compliance, and the compliance of its employees, consultants, contractors and other agents, with all applicable anticorruption laws and regulations.

Pandemic Diseases

The Company's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases. These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's operations to operate as intended due to shortage of skilled employees, shortages in supply chains, inability of employees to access sufficient healthcare, significant social upheavals, government or regulatory actions or inactions, declines in the price of precious metals, capital market volatility, or other unknown but potentially significant impacts. Given the fact that the Company's properties are located in Mexico, there are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infectious disease outbreak. As such, both catastrophic outbreaks as well as regional and local outbreaks can have a significant impact on the Company's operations. The Company may not be able to accurately predict the quantum of such risks. In addition, the Company's own operations are exposed to infectious disease risks noted above and as such the Company's operations may be adversely affected by such infectious disease risks. Accordingly, any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Company, its business, results from operations and financial condition.

COVID-19

The Company highlights that it continues to face risks related to COVID-19, which could continue to significantly disrupt its operations and may materially and adversely affect its business and financial condition.

COVID-19, a novel strain of the coronavirus that emerged in China, has now spread globally resulting in a global pandemic. The extent to which COVID-19 will continue to impact the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

Commodity Price Risk

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the extraction of mineral products. As such, the effect of these factors on the price in future product sales, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Currency Risk

Foreign currency risk is the risk that the fair value of the Company's financial assets and liabilities will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk with respect to cash balances and transactions as a portion of these amounts are denominated in Mexican Pesos and United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

Environmental Risk

The operations of the Company are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties. The potential financial exposure may be significant.

Permits and Licenses Risks

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry on with activities which it is currently conducting under applicable laws and regulations, and believes it is presently complying in all material respects with the terms of such licenses and permits. The Company believes it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct and intends to comply in all material respects with the terms of such licenses and permits. There can be no guarantee, however, that the Company will be able to obtain and maintain, at all times, all licenses and permits required to undertake its proposed exploration, development and mining operations on its properties. Amendments to current laws and regulations governing the operations and activities of the Company and the more stringent implementation thereof could have a substantial adverse impact on the business, financial condition and the results of operations of the Company. Obtaining necessary permits and licenses can be a complex, time consuming process and the Company cannot be certain that it will be able to obtain necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and licenses and complying with these permits and applicable laws and regulations could stop, delay or restrict the Company from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities. The Company could also lose its licenses or permits under the terms of its existing agreements.

Title Matters Risk

Although the Company has diligently investigated title to all mineral claims and concessions and, to the best of its knowledge (except as otherwise disclosed herein), titles to all its properties are in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected encumbrances or defects or governmental actions.

Land Title Risk

The Company has investigated ownership of all surface rights in which it has an interest, and, to the best of its knowledge, its ownership rights are in good standing. However, all surface rights may be subject to prior claims or agreement transfers, and rights of ownership may be affected by undetected defects. While to the best of the Company's knowledge, titles to all surface rights are in good standing, this should not be construed as a guarantee of title. Other parties may dispute title to the surface rights in which the Company has an interest. The properties may be subject to prior unregistered agreements or transfers and titles may be affected by undetected defects.

Infrastructure Risk

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Production Estimates Risk

Future estimates of gold production for the Company's operations as a whole are derived from a mining plan and these estimates are subject to change. There is no assurance the production estimates will be achieved and failure to achieve production estimates could have a materially adverse effect on the Company's future cash flow, results of operations and financial condition. These plans are based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions and physical characteristics of ores and estimated rates and costs of production. Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above.

Such occurrences could result in damage to mineral properties, interruptions in production, money losses and legal liabilities and could cause a mineral property that has been mined profitably in the past to become unprofitable.

Any decrease in production or change to the timing of production or the prices realized for gold sales, will directly affect the amount and timing of the cash flow from operations. A production shortfall or any of these other factors would change the timing of the Company's projected cash flow and its ability to use the cash to fund capital expenditures.

Competition and Marketability Risks

There is significant competition in the precious metals mining industry for mineral rich properties that can be developed and produced economically, the technical expertise to find, develop and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals but conduct refining and marketing operations on a global basis. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its projects. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future. Increased competition can result in increased costs and lower prices for metal and minerals produced and reduced profitability. Consequently, the revenues of the Company, its operations and financial condition could be materially adversely affected.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Key Management Risk

The success of the Company is largely dependent on a relatively small number of key members of management. The loss of any key member could be detrimental if a suitable replacement could not be found at a comparable compensation level.

Conflicts of Interest Risk

Certain directors of the Company also serve as directors and/or officers of other public resource companies or have significant shareholdings in other public resource companies. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.