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**MAGNA GOLD CORP.  
CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
THREE AND SIX MONTHS ENDED  
SEPTEMBER 30, 2019 AND 2018  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**Notice To Reader**

The accompanying unaudited condensed interim consolidated financial statements of Magna Gold Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

# Magna Gold Corp.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	September 30, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 2,151,475	\$ 1,620,930
Funds held in escrow	-	2,652,799
Receivables and other assets (note 3)	135,116	5,111
<b>Total assets</b>	<b>\$ 2,286,591</b>	<b>\$ 4,278,840</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	\$ 66,376	\$ 92,509
Loan payable (note 8)	6,133	6,172
	<b>72,509</b>	<b>98,681</b>
<b>Equity</b>		
Share capital (note 4)	6,200,131	5,108,629
Contributed surplus (note 6)	15,008	15,008
Accumulated other comprehensive income (loss)	14,054	(7,622)
Deficit	(4,015,111)	(935,856)
<b>Total equity</b>	<b>2,214,082</b>	<b>4,180,159</b>
<b>Total equity and liabilities</b>	<b>\$ 2,286,591</b>	<b>\$ 4,278,840</b>

Nature of operations (note 1)

Commitments (note 9)

Subsequent event (note 10)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

/s/ "Arturo Bonillas"

Arturo Bonillas  
Director

/s/ "Alex Tsakumis"

Alex Tsakumis  
Director

## Magna Gold Corp.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
<b>Expenses</b>				
Exploration and evaluation (note 8)	\$ 912,977	\$ -	\$ 1,739,640	\$ -
Professional fees	283,008	51,179	556,783	93,177
Administrative	157,987	59,560	225,902	59,848
Investigation costs	83,664	46,747	139,502	127,254
VAT expense	127,142	-	167,403	-
Business development	78,559	-	87,362	-
Reporting issuer costs	(1,725)	16,044	64,487	34,976
Foreign exchange (gain) loss	(7,460)	(448)	40,951	(448)
Share-based compensation	37,225	15,008	37,225	15,008
Consulting	20,000	-	20,000	-
<b>Net loss for the period</b>	<b>1,691,377</b>	<b>188,090</b>	<b>3,079,255</b>	<b>329,815</b>
<b>Other comprehensive items</b>				
Foreign exchange (gain) loss	(33,504)	5,047	(21,676)	5,047
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 1,657,873</b>	<b>\$ 193,137</b>	<b>\$ 3,057,579</b>	<b>\$ 334,862</b>
<b>Basic and diluted net loss per share (note 5)</b>	<b>\$ 0.04</b>	<b>\$ 0.01</b>	<b>\$ 0.08</b>	<b>\$ 0.02</b>
<b>Weighted average number of common shares outstanding</b>	<b>38,748,146</b>	<b>19,825,000</b>	<b>37,405,174</b>	<b>19,327,732</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these financial statements.

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**Magna Gold Corp.****Condensed Interim Consolidated Statements of Changes in Equity****(Expressed in Canadian Dollars)****(Unaudited)**

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	Number of common shares	Share capital	Contributed Surplus	Accumulated other Comprehensive (Loss) Income	Deficit	Total
<b>Balance, March 31, 2018</b>	<b>25,075,000</b>	<b>\$ 2,338,824</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (26,505)</b>	<b>\$ 2,312,319</b>
Private placements (note 4)	2,000,000	200,000	-	-	-	200,000
Share issue costs	-	(83,339)	-	-	-	(83,339)
Stock-based compensation (note 6)	-	-	15,008	-	-	15,008
Net loss and comprehensive loss for the period	-	-	-	(5,047)	(329,815)	(334,862)
<b>Balance, September 30, 2018</b>	<b>27,075,000</b>	<b>\$ 2,455,485</b>	<b>\$ 15,008</b>	<b>\$ (5,047)</b>	<b>\$ (356,320)</b>	<b>\$ 2,109,126</b>
<b>Balance, March 31, 2019</b>	<b>35,413,184</b>	<b>\$ 5,108,629</b>	<b>\$ 15,008</b>	<b>\$ (7,622)</b>	<b>\$ (935,856)</b>	<b>\$ 4,180,159</b>
Shares issued for the Mercedes Property (note 8)	2,442,105	732,632	-	-	-	732,632
Shares issued for Las Marias property (note 8)	1,000,000	279,700	-	-	-	279,700
Exercise of stock options (note 6)	250,000	87,210	(37,225)	-	-	49,985
Stock-based compensation (note 6)	-	-	37,225	-	-	37,225
Share issue costs	-	(8,040)	-	-	-	(8,040)
Net (loss) income and comprehensive (loss) income for the period	-	-	-	21,676	(3,079,255)	(3,057,579)
<b>Balance, September 30, 2019</b>	<b>39,105,289</b>	<b>\$ 6,200,131</b>	<b>\$ 15,008</b>	<b>\$ 14,054</b>	<b>\$ (4,015,111)</b>	<b>\$ 2,214,082</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these financial statements.

# Magna Gold Corp.

## Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Six months ended September 30,	2019	2018
<b>Operating activities</b>		
Net loss for the period	\$ (3,079,255)	\$ (329,815)
Adjustment for:		
Share-based compensation (note 6)	37,225	15,008
Exploration costs	1,012,332	-
Non-cash working capital items:		
Funds in escrow	2,652,799	-
Receivables and other assets	(130,005)	(5,368)
Accounts payable and other liabilities	(26,133)	20,966
<b>Net cash provided by (used in) operating activities</b>	<b>466,963</b>	<b>(299,209)</b>
<b>Financing activities</b>		
Issue of securities	-	200,000
Exercise of stock options	49,985	-
Share issue costs	(8,040)	(83,339)
<b>Net cash provided by financing activities</b>	<b>41,945</b>	<b>116,661</b>
<b>Investing activities</b>		
Loan payable	-	195,928
<b>Net cash used in investing activities</b>	<b>-</b>	<b>195,928</b>
<b>Effect of exchange rate changes on cash held in foreign currency</b>	<b>21,637</b>	<b>(1,129)</b>
<b>Net change in cash</b>	<b>530,545</b>	<b>12,251</b>
<b>Cash, beginning of the period</b>	<b>1,620,930</b>	<b>2,349,747</b>
<b>Cash, end of the period</b>	<b>\$ 2,151,475</b>	<b>\$ 2,361,998</b>
<b>Supplemental cash flow information</b>		
Income taxes paid	\$ -	\$ -
Interest paid	-	-
<b>Supplemental cash flow information</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these financial statements.

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# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations

Magna Gold Corp. ("the Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on January 9, 2018. Its shares have been listed on the TSX Venture Exchange (the "Exchange") under the symbol MGR since June 10, 2019. In addition, the Company's shares also 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 a 100% interest in the Mercedes Property in Yécora, Mexico.

### 2. Significant accounting policies

#### *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual consolidated financial statements required by IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on November 21, 2019.

The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended March 31, 2019, except as noted below.

#### *Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

### 3. Receivables and other assets

	September 30, 2019	March 31, 2019
Prepaid expenses	\$ 93,049	\$ 5,111
Sales tax receivable	42,067	-
	<u>\$ 135,116</u>	<u>\$ 5,111</u>

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# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 4. Share capital

#### a) Authorized share capital

At September 30, 2019 and March 31, 2019, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

#### b) Common shares issued

#### 2019

(1) Refer to note 8.

(2) As of September 30, 2019, the Company had 5,906,250 (March 31, 2019 - 6,250,000) common shares held in escrow.

#### 2018

(1) On August 15, 2018, the Company completed its initial public offering (the "Offering") of 2,000,000 common shares at a purchase price of \$0.10 per common shares for aggregate gross proceeds of \$200,000. M Partners Inc. (the "Agent") acted as agent for the initial public offering. In connection with the Offering, the Agent received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares and was paid for legal expense, a corporate finance fee and other disbursements totalling \$83,339.

### 5. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended September 30, 2019 was based on the loss attributable to common shareholders of \$1,691,377 and \$3,079,255, respectively (three and six months ended September 30, 2018 - \$188,090 and \$329,815, respectively) and the weighted average number of common shares outstanding of 38,748,146 and 37,405,174, respectively (three and six months ended September 30, 2018 - 19,825,000 and 19,327,732, respectively). Stock options were excluded as they were anti-dilutive.

# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Stock options

The following table reflects the continuity of stock options for the periods then ended:

	Number of stock options	Weighted average exercise price (\$)
Balance, March 31, 2018	-	0.00
Granted <sup>(1)</sup>	200,000	0.10
Balance, September 30, 2018	200,000	0.10
Balance, March 31, 2019	200,000	0.10
Granted <sup>(2)</sup>	250,000	0.20
Exercised	(250,000)	0.20
Balance, September 30, 2019	200,000	0.10

<sup>(1)</sup> On August 15, 2018, the Company granted options to one director to purchase 200,000 common shares. The options are exercisable at \$0.10 per share and expire on August 15, 2023. The options vest immediately. The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 2.16%; and (iv) expected life of 5 years. The fair market value was determined to be \$15,008. For the three and six months ended September 30, 2018, \$15,008 was expensed as share-based compensation. The Company has assumed no forfeiture rate. The weighted average grant date fair value of the options issued is \$0.07504 per option.

<sup>(2)</sup> On August 6, 2019, Magna entered into a consulting agreement with S2K Capital Corp., (the "Consultant") pursuant to which Magna agreed to grant the Consultant 250,000 stock options, exercisable at \$0.20 and pay the Consultant \$50,000 for consulting services (the "Services") plus GST, for the performance by the Consultant of the Services, payable upon signing of the agreement. The Services include: Provide market consultation services to Magna; Evaluate business or investment opportunities; Identify potential institutional and retail investors; Provide access to Magna of the Consultants' database of investors; Assist the Company with digital marketing and social media; Arrange for the Company to meet with various newsletter writers when appropriate; Coordinate with management, including Chief Executive Officer ("CEO"), when reaching out to potential common investors; and to Provide a monthly report to the CEO. The options vest immediately. The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 1.21%; and (iv) expected life of 5 years. The fair market value was determined to be \$37,225. For the three and six months ended September 30, 2019, \$37,225 was expensed as share-based compensation. The Company has assumed no forfeiture rate. The weighted average grant date fair value of the options issued is \$0.1489 per option.

On September 9, 2019, the Consultant provided notice of exercise and on September 13, 2019, the shares underlying the options were issued to the Consultant.

The following table reflects the actual stock options issued and outstanding as of September 30, 2019:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
August 15, 2023	0.10	3.88	200,000	200,000	-



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# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 7. 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 three and six months ended September 30, 2019, travel expenses of \$nil and \$4,816, respectively (three and six months ended September 30, 2018 - \$2,092 and \$16,604, respectively) 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 unaudited condensed interim consolidated statements of net loss and comprehensive loss.

(b) Advances of \$5,036 (March 31, 2019 - \$3,473) were provided to Arturo Bonillas which were included in prepaid expenses as at September 30, 2019.

(c) From June 6, 2019 to September 30, 2019, the Company incurred professional fees of \$12,335 and \$16,156, respectively to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer ("CFO") of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2019, Marrelli Support is owed \$6,430 and this amount is included in amounts payable and other liabilities.

(d) From June 6, 2019 to September 30, 2019, the Company incurred professional fees of \$3,430 and \$4,780, respectively to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2019, DSA is owed \$2,702 and this amount is included in amounts payable and other liabilities.

(e) From June 6, 2019 to September 30, 2019, the Company incurred professional fees of \$450 and \$750, respectively to DSA Filing Services Limited ("Filing"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for reporting issuer filing services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2019, Filing is owed \$424 and this amount is included in amounts payable and other liabilities.

(f) From June 6, 2019 to September 30, 2019, the Company incurred professional fees of \$3,099 and \$3,931, respectively to Marrelli Press Release Services Limited ("Press Release"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for press release services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2019, Press Release is owed \$3,104 and this amount is included in amounts payable and other liabilities.

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# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 7. Related party transactions (continued)

#### Key Management Personnel (continued)

(g) During the three and six months ended September 30, 2019, share-based compensation of \$nil (three and six months ended September 30, 2018 - \$15,008) was attributed to Arturo Bonillas, a corporate officer of the Company.

(h) The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of Directors and key management personnel of the Company was as follows:

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	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Salaries and benefits (*)	\$ 90,447	\$ -	\$ 108,329	\$ -

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(\*) The Board of Directors do not have employment or service contracts with the Company. There were no director fees accrued or paid during the three and six months ended September 30, 2019. Salaries and benefits excludes fees paid to the CFO and companies he controls above for each period presented.

### 8. Exploration and evaluation

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 USD\$1,340,000 plus VAT of 16%, paid in installments comprised of one USD\$50,000 payment on the later of the Closing Date and the sixth month from the Effective date, and thirty-six monthly payments of USD\$15,000 starting on the twelfth month from the Effective Date, and one USD\$750,000 payment on the forty-eighth month from the Effective Date; (ii) issue to the Seller a 3% net smelter returns ("NSR"), capped at USD\$3,500,000 and subject to the right of the Company to acquire all 3 percentage points of the NSR at a price of USD\$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 ("Common Shares") of the Company to the Seller (the "Consideration Shares") (valued at \$732,632). As of the date hereof, the Company has made the first payment to the Seller 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 USD\$160,000 plus VAT (USD\$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 September 30, 2019, the remaining loan payable was USD\$4,632 (\$6,133) (March 31, 2019 - USD\$4,652 (\$6,172))

On August 16, 2019, the Company announced that it has closed the acquisition of the Las Marias property (the "Las Marias Property"), which consists of 7 mining concessions covering 646 hectares adjacent to the Mercedes Property, and the Las Cabanas mineral claims (the "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) \$250,000; and (ii) 1,000,000 common shares (valued at \$279,700) of the Company.

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**Magna Gold Corp.****Notes to Condensed Interim Consolidated Financial Statements****September 30, 2019 and 2018****(Expressed in Canadian Dollars)****(Unaudited)**

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**8. Exploration and evaluation (continued)**

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of expensing all costs relating to the acquisition and exploration of mineral rights. Such costs include, among others, geological, geophysical studies, exploratory drilling and sampling, feasibility studies and technical reports.

A summary of explorations costs is summarized below:

<b>Six months ended September 30,</b>	<b>2019</b>	<b>2018</b>
<b><u>Mercedes Property</u></b>		
Acquisition costs	\$ 800,180	\$ -
Geological costs	462,906	-
Sampling	108,820	-
Administrative	29,589	-
Rental	19,655	-
Environmental	15,287	-
Professional fees	8,216	-
	<b>\$ 1,444,653</b>	<b>\$ -</b>
<b><u>Las Marias property</u></b>		
Acquisition costs	\$ 279,700	\$ -
Environmental	15,287	-
	<b>\$ 294,987</b>	<b>\$ -</b>
	<b>\$ 1,739,640</b>	<b>\$ -</b>
<b><u>Three months ended September 30,</u></b>		
	<b>2019</b>	<b>2018</b>
<b><u>Mercedes Property</u></b>		
Acquisition costs	\$ (1,005)	\$ -
Geological costs	460,622	-
Sampling	107,359	-
Administrative	14,136	-
Rental	13,375	-
Environmental	15,287	-
Professional fees	8,216	-
	<b>\$ 617,990</b>	<b>\$ -</b>
<b><u>Las Marias property</u></b>		
Acquisition costs	\$ 279,700	\$ -
Environmental	15,287	-
	<b>\$ 294,987</b>	<b>\$ -</b>
	<b>\$ 912,977</b>	<b>\$ -</b>

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# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 9. Commitments

(a) On May 27, 2019, the Company announced the appointment of Carmelo Marrelli as CFO of the Company as of June 6, 2019, replacing Arturo Bonillas. The Company also entered into a consulting agreement, effective as of June 6, 2019, with Mr. Marrelli, pursuant to which the Company has agreed to pay Mr. Marrelli \$1,500, plus disbursements, per month for the consulting services. The Company also entered into employment agreements, effective as of June 6, 2019 with (i) Arturo Bonillas to perform the services of president and CEO, pursuant to which he shall receive a base salary of \$240,000 per annum, with eligibility to receive an annual bonus of up to 50% of his base salary; and (ii) Miguel Soto to perform the services of Vice-President, Exploration, pursuant to which he shall receive a base salary of \$150,000 per annum, with eligibility to receive an annual bonus of up to 50% of his base salary.

(b) On June 11, 2019, the Company announced that it has entered into a shares-for-services agreement (the "Agreement") with VRIFY Technology Inc. ("VRIFY") pursuant to the provisions of Exchange Policy 4.3. Pursuant to the Agreement, VRIFY, which provides technology services (the "Services") to the Company, will receive its fees by way of the issuance of common shares (the "Shares") of the Company. The Shares will be issued at a deemed price per Share equal to the Discounted Market Price (as defined in Exchange policies) of the Shares as traded on the Exchange on the first trading date following the date the Services are provided to the Company.

(c) On September 30, 2019, the Company announced that it has entered into a binding letter of intent (the "LOI") dated September 30, 2019, with Ricardo Estanislao Carranza Leon, Maria del Rosario Mendivil Bejarano and Ernesto Villaescusa Cordova (the "Concessionaires"), individuals resident in the Sonora State of Mexico, for the assignment of the option (the "Option") of a 100% undivided interest of two mining claims (the "San Judas Project") located in the municipality of Trincheras, Sonora, Mexico, for a five-year period (the "Transaction").

Pursuant to the LOI, the Company will have the exclusive right to conduct verifications, evaluations and other due diligence activities on the San Judas Project for up to ninety (90) days prior to entering into a definitive option agreement (the "Definitive Agreement").

It is presently anticipated that the Company will enter into the Definitive Agreement with the Concessionaires to acquire a 100% undivided interest in the San Judas Project. In consideration of the assignment of the Option, Magna will pay to the Concessionaires an aggregate of USD\$1,680,000 plus VAT of 16%, paid in the following installments:

- (a) USD\$50,000 plus VAT upon the execution of the Definitive Agreement (the "Closing Date").
- (b) USD\$50,000 plus VAT to be paid upon the twelfth month from the Closing Date.
- (c) USD\$100,000 plus VAT to be paid upon the twenty-fourth month from the Closing Date.
- (d) USD\$150,000 plus VAT to be paid upon the thirty-sixth month from the Closing Date.
- (e) USD\$300,000 plus VAT to be paid upon the forty-eighth month from the Closing Date.
- (f) USD\$1,030,000 plus VAT to be paid upon the sixtieth month from the Closing Date.

Completion of the Transaction is subject to a number of conditions including, but not limited to, the parties entering into the Definitive Agreement (such agreement to include customary representations, warranties, conditions and covenants for a transaction of this type), receipt of all necessary regulatory approvals including acceptance from the Exchange and, if applicable, shareholder approval.

### 10. Subsequent event

(a) On October 22, 2019, 99,502 common shares were issued in accordance with the Agreement with VRIFY. See note 9(b).