

Magna Gold Corp. Announces Agreement to Acquire Margarita Silver Project in Chihuahua, Mexico

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TORONTO, Nov. 10, 2020 - [Magna Gold Corp.](#) (TSXV: MGR) (OTCQB: MGLQF) ("Magna" or the "Company") is pleased to announce that the Company and Molimentales del Noroeste, S.A. de C.V. (the "Purchaser"), a subsidiary of the Company, have entered into a definitive option acquisition agreement (the "Agreement") with [Sable Resources Ltd.](#) ("Sable") and Exploraciones Sable, S. de R.L. de C.V. (the "Vendor"), a wholly-owned subsidiary of Sable, to acquire (the "Acquisition") the Vendor's option (the "Option") to acquire a 100% undivided interest in the mining concessions comprising the Margarita Silver Project (the "Property"). The Property is comprised of two mining concessions, covering 125.625 hectares, located within the prolific Sierra Madre Gold Belt, which hosts numerous multimillion-ounce gold-silver deposits, 88 kilometers south of the state capital of Chihuahua in the Municipality of Satevo, State of Chihuahua, Mexico. The Property lies 15 kilometres northwest on strike with Sunshine Silver Corp.'s Los Gatos Mine.

Summary of the Acquisition

Pursuant to the terms of the Agreement, the Purchaser will acquire the Option in exchange for: (i) CAD\$1,500,000 in cash, plus an additional CAD\$800,000 in cash representing Mexican VAT; and (ii) CAD\$3,500,000 in common shares in the capital of Magna ("Magna Shares"), being 3,219,278 Magna Shares at a deemed price of \$1.0872 per Magna Share (the "Issue Price"), representing the volume weighted average price of the Magna Shares on the TSX Venture Exchange (the "Exchange") for the fifteen trading days prior to the date of the Agreement. Immediately following the Acquisition, the Purchaser will exercise the Option to acquire the Property (the "Option Exercise") by payment to the titleholders of the Property of: (i) CAD\$500,000 in cash, plus an additional \$368,000 in cash representing Mexican VAT; and (ii) CAD\$1,800,000 in Magna Shares, being 1,655,629 Magna Shares at the Issue Price.

Closing of the Acquisition and the Option Exercise is expected to occur on or about November 16, 2020 and is subject to a number of conditions customary for a transaction of this nature, including the receipt of all required regulatory approvals, including the acceptance of the Exchange.

The securities issued in connection with the Acquisition and the Option Exercise will be subject to a four-month hold period from the date of issuance in accordance with applicable Canadian securities laws.

The Property

The Property hosts five quartz-barite and minor calcite epithermal veins-breccias of low to intermediate sulphidation affinity hosted by volcanic rocks of andesitic and rhyolitic composition.

The Margarita Vein is the main structure and can be traced on surface for at least 1.6 kilometres of longitude with a bearing of N50°-80°W dipping to the southwest 65° to sub-vertical. Samples collected at surface on this structure returned several values over 100 g/t Ag and up to 909 g/t Ag. El Caído Vein is a secondary braided vein system consisting of four individual quartz-barite structures that crop out for at least 800 metres of longitude. Its strike is parallel to the Margarita Vein, dipping from 60° to sub-vertical to the southwest. Samples collected on this vein system returned values of up to 174 g/t Ag. The Juliana Vein is located in the footwall of the Margarita Vein and can be traced on surface for at least 650 metres long striking N40°W with steep dips to the northeast. Samples collected on this structure returned values of up to 405 g/t Ag. The Fabiana Vein is a parallel structure located in the hanging wall of the Juliana Vein and only 15-20 metres apart. The Marie Vein, which crops out at the easternmost part of the property, can be traced for at least 400 metres. It strikes N20-30W with steep dips to the southwest and northeast. Samples collected on this

structure returned values of up to 1,235 g/t Ag. All the veins in the property returned high-grade silver values along with strongly anomalous lead, zinc, arsenic, antimony and barium, indicating the robustness of the Margarita Epithermal Veins System.

Sable conducted two core drill campaigns during 2018-2019 of 5,245.40 metres in 35 holes. Highlights include:

- 462 g/t AgEq (430 g/t Ag, 0.18% Pb, and 0.66% Zn) over 4.25m from 41.5m to 45.75m in hole M-DDH-18-04, including 1,073 g/t AgEq (986 g/t Ag, 0.5% Pb, and 1.6% Zn) over 1.5m from 42.7m to 44.20m
- 514 g/t AgEq (446 g/t Ag, 0.7% Pb, and 1.04% Zn) over 12.4m from 40.95m to 53.35m in hole M-DDH-18-06, including 902 g/t AgEq (745 g/t Ag, 1.38% Pb, and 1.87% Zn) over 4.1m from 42.7m to 46.8m.
- 461 g/t AgEq (306 g/t Ag, 0.73% Pb, and 1.88% Zn) over 14.05m in hole M-DDH-18-08 from 67.4m to 81.45m, including 859 g/t AgEq (557 g/t Ag, 2.21% Pb, and 0.44% Zn) over 2m from 73.2m to 75.2m.
- 252 g/t AgEq (229 g/t Ag, 0.97% Pb, and 0.32% Zn) over 11.3m in hole M-DDH-18-11 from 57.35m to 68.65m, including 889 g/t AgEq (844 g/t Ag, 0.25% Pb, and 0.6% Zn) over 1.3m from 62.75m to 64.05m.
- 298 g/t AgEq (283 g/t Ag, 0.32% Pb, and 0.78% Zn) over 33.3m from 18.75m to 52.05m in hole M-DDH-19-14, including 702 g/t AgEq (579 g/t Ag, 0.76% Pb, and 1.67% Zn) over 9.9m from 33.55m to 43.45m.
- 102 g/t AgEq (83 g/t Ag, 0.08% Pb, and 0.29% Zn) over 20.6m in hole M-DDH-19-20 from 47.25m to 67.85m, including 252 g/t AgEq (222 g/t Ag, 0.13% Pb, and 0.47% Zn) over 5.1m from 50.3m to 55.4m
- 130 g/t AgEq (102 g/t Ag, 0.1% Pb, and 0.43% Zn) over 48.65m in hole M-DDH-19-21 from 48.95m to 97.6m, including 222 g/t AgEq (198 g/t Ag, 0.18% Pb, and 0.3% Zn) over 1m from 64.65m to 65.45m, 428 g/t AgEq (376 g/t Ag, 0.28% Pb, and 0.75% Zn) over 2.85m from 83.30m to 86.15m, and 351 g/t AgEq (156 g/t Ag, 0.72% Pb, and 3.09% Zn) over 2.6m from 89.8m to 92.4m.
- 73 g/t AgEq (63 g/t Ag, 0.05% Pb, and 0.14% Zn) over 12.5m in hole M-DDH-19-22 from 39.75m to 52.25m, including 143 g/t AgEq (126 g/t Ag, 0.1% Pb, and 0.24% Zn) over 4.8m from 40.95m to 45.75m, and 176 g/t AgEq (97 g/t Ag, 0.36% Pb, and 1.19% Zn) over 12.8m from 68.6m to 81.4m, including 529 g/t AgEq (213 g/t Ag, 1.81% Pb, and 4.52% Zn) over 1.9m from 75.20m to 77.10m.
- 177 g/t AgEq (117 g/t Ag, 0.17 g/t Au, 0.21% Pb, and 0.7% Zn) over 37.35m in hole M-DDH-19-24 from 74.70m to 112.05m, including 391 g/t AgEq (353 g/t Ag, 0.12% Pb, and 0.56% Zn) over 0.9m from 94.30m to 95.20m, and 689 g/t AgEq (400 g/t Ag, 1.07 g/t Au, 1.09% Pb, and 3.0% Zn) over 5.5m from 102.70m to 108.25m, including 1,122 g/t AgEq (790 g/t Ag, 2.92 g/t Au, 2.04% Pb, and 0.37% Zn) over 1.65m from 102.70m to 104.35m.

In addition, Sable also identified during the core drilling campaigns, a lower grade halo in numerous holes with encouraging silver varying from 14 metres to 60 metres wide with grades varying between 50 g/t Ag to 90 g/t Ag.

Sable ran a preliminary carbon-in-leach test and obtained metallurgical recoveries above 85% for silver, showing that mineralized material is not refractory.

"Margarita displays an outcropping high grade core zone 2 metres to 14 metres in width, and 14 metres to 60 metres lower grade halo that continues at least to 100 metres of depth, at elevations of 2,000-2,100 m.a.s.l., with clear upside potential down dip the structure as evidenced by the high grade sulphide rich mineralization as at the nearby Los Gatos Mine, where the top of the mineralized zone is at an elevation of 1,500 m.a.s.l. Further upside potential exists in undrilled gaps along the upper levels of Margarita, and in the other four known veins. Acquiring the Property gives the Company exposure to a potential high-grade silver project and additional optionality to rising silver prices" commented Arturo Bonillas, President and Chief Executive Officer of the Company.

Qualified Person

James Baughman (P. Geo.), Consulting Geologist and a Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects, has reviewed and approved the scientific and technical information in this news release.

About Magna Gold Corp.

[Magna Gold Corp.](#) is a Canadian gold company engaged in operations, development, exploration and acquisitions in Mexico. Its primary asset is the producing San Francisco gold mine in Sonora, Mexico and exploration stage projects include San Judas, La Pima and Mercedes.

The Company's shares trade on the TSXV under the trading symbol "MGR" and OTCQB under the trading symbol "MGLQF". Magna is well integrated into its nearby communities, employs local residents, and uses local services when possible.

This news release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will" or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, information about the structure and terms of the Acquisition, timing for completion of the Acquisition, the structure and terms of the Option Exercise, timing for completion of the Option Exercise, timing for receipt of required regulatory approvals, including the acceptance of the Exchange, the ability of the Company to complete the Acquisition and the Option Exercise on the terms announced, the Company's objectives, goals or future plans, exploration results, potential mineralization, the estimation of mineral reserves and resources, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the inability to satisfy the conditions required to complete the Acquisition and the Option Exercise, the inability to receive required regulatory approvals, including the acceptance of the Exchange, termination of the Agreement, failure to identify mineral resources, failure to convert estimated mineral resources to reserves, the inability to complete a feasibility study which recommends a production decision, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, inability to fulfill the duty to accommodate First Nations and other indigenous peoples, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, capital and operating costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

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<https://www.rohstoff-welt.de/news/366515--Magna-Gold-Corp.-Announces-Agreement-to-Acquire-Margarita-Silver-Project-in-Chihuahua-Mexico.html>

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