

Magna Gold Corp. Provides Corporate Update

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TORONTO, June 16, 2020 - [Magna Gold Corp.](#) (TSXV: MGR, OTCQB: MGLQF) ("Magna" or the "Company") is pleased to provide a corporate update with respect to its ongoing operational programs at the recently acquired San Francisco mine located in Sonora, Mexico ("San Francisco"), in addition to planned activities across the Company's pipeline of prospective exploration projects.

Highlights

- Gold production of 2,349 ounces in May at an operating margin of US\$1,121 per ounce
- US\$4.2 million of gold sales and US\$2.8 million of operating profit in May
- Recent commencement of processing of low-grade stockpile material
- Completion of an updated San Francisco operating plan targeted for the end of July
- Commencement of mining and processing of fresh mineralized material in August
- Initial drill program and additional optimization studies at San Francisco to be completed by year-end, with the objective to increase reserves, extend mine life and further optimize the mine plan
- Start of an initial drill program at La Pima in August, with results expected by the end of Q4 2020

Arturo Bonillas, President and Chief Executive Officer of Magna, stated, "While we continue to aggressively advance our re-engineering and optimization of the San Francisco mine, the residual leach operation continues to provide high-margin gold production that has helped to bolster our balance sheet. We continue to be excited about the prospects at San Francisco and look forward to providing our shareholders and the market with an initial view of the mine's potential in the near-term. We remain highly focused on solidifying San Francisco as a profitable long-life mine and I extend my sincere gratitude to my team for their dedication and focus. With San Francisco, we will be better positioned to extract value from our entire portfolio and generate additional long-term value for our shareholders."

Update on the San Francisco Mine

During May 2020, Magna produced and sold 2,349 ounces of gold from residual leach operations at the San Francisco mine. The average realized gold price was US\$1,728 per ounce compared to an estimated cash cost of approximately US\$607 per ounce, resulting in gold sales of US\$4.2 million and an operating profit of US\$2.8 million. The Company is also pleased to announce that it has 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 (the "Technical Report") 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 Technical Report 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 Technical Report. 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 Technical Report. This drill program and its corresponding optimization studies, including updated metallurgical test work, is expected to be completed by Q4 2020.

Update on Exploration Activities and Plans

The Company has initiated the permitting process and surface ownership negotiations to conduct an initial drill program at the La Pima silver project, which is a highly prospective high-grade underground silver project located 30 km northeast of the San Francisco open pit. Subject to the approval of exploration permits, which are expected to be received within 6 to 8 weeks, the drill program at La Pima will commence in August and conclude in December. Results of this first phase of core drilling, which will comprise 2,000 metres, are planned to be released by the end of Q4 2020.

Exploration efforts at the San Judas property, which is located 50 km west of San Francisco, will be accelerated with the goal of initiating a first phase of drilling in Q4 2020 that would be completed by Q2 2021. This first phase of reverse circulation drilling, which will comprise 3,000 metres, will be focused on three of seven priority targets identified to date on the property.

Magna will re-initiate exploration activities at the Veta Tierra property, which is located 5.5 km northwest of the San Francisco open pit, in order to complete an unfinished drill program that was commenced by Timmins Gold Corp. in 2013. This program, which is scheduled to commence in Q1 2021, will include 2,000 metres of reverse circulation drilling to test the lateral continuity of the gold mineralization indicated by previous drilling along a 300-metre trend of an exposed diorite intrusion.

The Company is continuing to evaluate and advance a pilot test program for its Mercedes property. A preliminary mine design has been completed based on the initial drill program completed last year and a full suite of metallurgical test work is currently underway. Upon approval of the pilot test program, which is anticipated in Q2-Q3 2021, the Company's objective is to extract 20,000 ounces of gold with minimal associated operating and capital expenditures to provide additional information on the deposit that will guide future drilling and work programs. It is anticipated that the pilot test program will generate sufficient cash flow to fully fund the costs of the test program, in addition to the next phase of exploration drilling.

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 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 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 takes social license seriously and employ local community members and services in its operations.

For more information, please visit www.magnagoldcorp.com or contact Francisco Arturo Bonillas Zepeda, the Chief Executive Officer, Corporate Secretary and a Director of the Company.

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