

Magna Gold Corp. Announces Pre-Feasibility Study on the San Francisco Mine

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TORONTO, Sept. 17, 2020 - [Magna Gold Corp.](#) (TSXV: MGR) (OTCQB: MGLQF) ("Magna" or the "Company") is pleased to announce the results from the Pre-Feasibility Study ("PFS") completed on its 100%-owned San Francisco mine located in Sonora, Mexico ("San Francisco").

Arturo Bonillas, President and Chief Executive Officer of Magna, stated, "We are extremely pleased with the outcome of this study, which validates our view of value and leverage for San Francisco when we acquired the mine earlier this year. This marks an important milestone for Magna as it provides us with a base case operating plan from which we can drive ongoing optimization, growth, and near-term value creation. We see tremendous potential to expand the mineral resource, locally and regionally, and also to increase production scale. In addition to successfully executing the PFS operating plan, our focus will now be on creating additional value through the advancement of a number of identified opportunities."

Pre-Feasibility Study Highlights

The PFS employs a gold price of \$1,450 per ounce. All values are shown in United States dollars unless otherwise noted. Some figures may not add due to rounding.

- Base case after-tax net present value ("NPV") of \$80M using a \$1,450/oz gold price and 5% discount rate.
- Assuming a spot gold price of \$1,950 per ounce ("Spot Gold Price"), the project economics increase to an after-tax NPV of \$231M using a 5% discount rate.
- Average annual gold production of 69 kozs per year over 2021 to 2027.
- Average all-in sustaining cash costs of \$1,204 per gold ounce.
- No major capital required for resumption of full mining operations.

The PFS contemplates a 16,875 tpd heap leach operation using existing processing capacity of 22,000 tpd. Ore placed on the existing leach pad will be sourced primarily from open pits over an initial mine life of eight years, supplemented by a small portion of underground ore. Magna is currently processing minerals from the La Chicharra pit, in addition to previously stockpiled material, and plans to initiate underground mining at the higher-grade lenses in the south wall of the San Francisco pit and also resume open pit mining in the San Francisco pit. Over the current mine life to 2028 outlined in the PFS, a total of 47.6 million tonnes at an average grade of 0.50 g/t containing 758 kozs gold will be mined and processed. Given the mine, processing plant and infrastructure are all existing at San Francisco, there are no significant capital investments required to realize the production outlined in the PFS.

Full details of the PFS and the current estimates of mineral reserves and resources can be found in the technical report entitled "NI 43-101F1 Technical Report Pre-Feasibility Study for the San Francisco Gold Project, Sonora, Mexico" dated August 28, 2020. The technical report was prepared by William J. Lewis, P.Geo., Richard M. Gowans, P.Eng., Nigel Fung, B.Sc.H, B.Eng., P.Eng., Christopher Jacobs, CEng, MIMMM, Ing. Alan San Martin, MAusIMM(CP) of Micon International Limited, and Rodrigo Calles-Montijo, CPG of Servicios Geológicos IMEx, S.C. A copy of the technical report has been filed under Magna's profile on SEDAR.

Significant Leverage to Gold Price

Magna has calculated the impact to the NPV of San Francisco at various gold prices ranging between the price assumed for the PFS and the Spot Gold Price. Using the Spot Gold Price results in an NPV of \$231 million, representing a 189% increase in the reported NPV in the PFS.

Assumed Gold Price	PFS (\$1,450)	\$1,600	\$1,800	Spot (\$1,950)
After-Tax NPV	\$80M	\$126M	\$186M	\$231M
NPV Difference from PFS Case	--	+58%	+133%	+189%

Value Enhancement Potential

Magna has identified several near-term resource growth and operational expansion opportunities that have the potential to extend the mine life of San Francisco and further optimize the project parameters and economics outlined in the PFS.

Magna is currently implementing an aggressive exploration strategy in and around the existing open pits and at depth to increase mineral reserves and resources in 2021. Magna's exploration strategy also extends to various regional targets being evaluated as potential sources of satellite ore, such as the Mercedes property and La Vetatierra target, that could leverage existing equipment and infrastructure to provide incremental low-cost production in the near-term with minimal capital expenditures.

In addition, as part of the operational improvement plan that was implemented shortly after the acquisition of San Francisco, Magna is in the process of completing an extensive metallurgical test program and evaluating a potential upgrade of the crushing and leaching operation in order to increase capacity and improve metallurgical recoveries.

Magna's overall goal is to establish an operation capable of producing around 100,000 ounces per year for 10 years, providing for an approximate 45% increase from production levels outlined in the PFS.

Summary of Operating Parameters

The table below provides a summary of the PFS inputs and parameters.

Mining	
Total Ore Tonnes Mined	47.6 Mt
Average Diluted Ore Grade	0.50 g/t
Total Contained Gold Ounces	758 kozs
Mine Life (2021 Onwards)	8 years
Processing	
La Chicharra Gold Recovery	73%
San Francisco Gold Recovery	66%
Average Gold Production (2021 – 2027)	69 kozs
Total Life of Mine Gold Production	527 kozs
Cash Operating Costs (\$/t Ore) and Capital Expenditures	
Mining Costs	\$7.43
Processing Costs	\$4.45
General and Administrative Costs	\$0.58
Selling Costs	\$0.03
Cash Operating Costs	\$12.49
Royalties and Mining Tax	\$0.34
Total Cash Cost	\$12.83
Cash Costs per Ounce	\$1,160/oz
All-In Sustaining Costs per Ounce	\$1,204/oz
Capital Costs	
Total Development Capital Costs	\$3.4M
Total Sustaining Capital Costs	\$19.8M
Total Life of Mine Capital Costs	\$23.2M

Mineral Reserves and Resources

Mineral reserves as of August 8, 2020 are summarized in the table below and have been estimated using a gold price of \$1,350 per ounce.

Category	Tonnes (kt)	Gold Grade (g/t)	Contained Gold (kozs)
Proven Reserves	21,058	0.511	346
Probable Reserves	25,789	0.490	406
Total Reserves	46,847	0.499	752
Low Grade Stockpile	782	0.256	6
Total Reserves (incl. Stockpile)	47,629	0.495	758

Mineral resources as of August 8, 2020 are summarized in the table below and have been estimated using a gold price of \$1,500 per ounce.

Category	Tonnes (kt)	Gold Grade (g/t)	Contained Gold (kozs)
Measured Resources	34,675	0.462	515
Indicated Resources	65,025	0.437	914
Measured & Indicated Resources	99,700	0.446	1,430
Inferred Resources	11,374	0.467	171
Note: Inclusive of mineral reserves			

Mineral resources are not mineral reserves and do not have demonstrated economic viability.

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. Mr. Baughman is independent of Magna.

About Magna Gold Corp.

[Magna Gold Corp.](#) is a Canadian gold company engaged in operations, development, exploration and acquisitions in Mexico. Magna's 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.

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

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