

# Magna Gold and its Subsidiary Obtain Creditor Protection and Announce Transfer to NEX

03.03.2023 | [CNW](#)

TORONTO, March 3, 2023 - [Magna Gold Corp.](#) (TSXV: MGR) (OTCPINK: MGLQF) ("Magna Gold", and together with its direct and indirect subsidiaries, "Magna" or the "Company"), today announces that Magna Gold has filed a Notice of Intention to Make a Proposal (the "NOI") under the Bankruptcy and Insolvency Act (Canada) which will provide creditor protection while the Company seeks to restructure its affairs. KSV Restructuring Inc. was appointed as proposal trustee (in such capacity, the "Proposal Trustee") under the NOI to monitor Magna Gold's operations and restructuring. The effect of the NOI is an initial and immediate stay of proceedings in favour of Magna Gold for 30 days, which stay can be extended by court order. As noted, Magna Gold is seeking to restructure; not liquidate. Information and materials filed in connection with the NOI will be available on the Proposal Trustee's website: <https://www.ksvadvisory.com/experience/case/magnagold>.

In coordination with the NOI, Magna Gold's indirect subsidiary, Molimentales del Noroeste S.A. de C.V. ("Molimentales") filed an application for restructuring ("solicitud de concurso mercantil en fase de concurso") and provisional creditor protection ("medidas cautelares") (the "Insolvency Application") before the Second District Court for Insolvency Matters located in Mexico City, Mexico (Juzgado Segundo de Distrito en Materia de Concursos Mercantiles con Residencia en la Ciudad de México y Jurisdicción en toda la República Mexicana; the "Concurso Court") under the Mercantile Insolvency Act ("Ley de Concursos Mercantiles"). Molimentales is the owner and operator of the Company's San Francisco Mine. The initial ruling in connection with the Insolvency Application was issued by the Concurso Court on March 3, 2023 and certain pre-emptive protections were granted in favour of Molimentales including, inter alia, a suspension of all enforcement proceedings against the assets or rights of Molimentales.

The decision to seek creditor protection for Magna Gold and Molimentales was made after careful consideration of the Company's cash position, scheduled debt payments, forecast revenue and expenses and all available alternatives. Following consultation with its legal and financial advisors, the Board of Directors of Magna Gold determined that it was in the best interests of Magna Gold and Molimentales and their stakeholders to seek to restructure their affairs under the applicable creditor relief laws. The proceedings are intended to, among other things, facilitate a restructuring of the Company's balance sheet, the injection of additional capital, a sale of the company or its assets, or any combination thereof. Importantly, management of Magna Gold and Molimentales remain responsible for the day-to-day operations, under the general oversight of the Proposal Trustee and the Concurso Court.

As a result of the foregoing, the TSX Venture Exchange (the "TSXV") has advised Magna Gold that the trading of Magna Gold's common shares will be transferred to the NEX Board of the TSXV effective at the opening of the market on March 8, 2023. The trading symbol will change from MGR to MGR.H.

No directors of Magna Gold have resigned and the board of directors continues to be comprised of six directors.

About Magna Gold Corp.

Magna is a Mexico focused gold and silver production company engaged in acquiring, exploring, developing and operating quality precious metals properties in Mexico. It is committed to advancing its 100% owned flagship San Francisco Mine, its Margarita Silver Project and other highly prospective mineral properties located in Sonora and in Chihuahua. The primary strength of the Company is the team of highly experienced mining professionals with a proven track record of developing properties in Mexico from discovery to production. Magna employs community members and services in its operations.

ON BEHALF OF THE BOARD OF DIRECTORS

Arturo Bonillas

President and CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

#### Cautionary Statements

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 "plans". 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, the intention to restructure the affairs of Magna Gold and Molimentales, the Company's objectives, goals or future plans, exploration results, shareholder value expectations, exploration and mine development plans (including mine plan optimization and value creating initiatives involving non-core assets), production (including gold production expectations and guidance), processing and mining expectations (including statements regarding reduction and resumption of mining operations), cost and cash flow expectations, and payables reduction. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the inability of Magna Gold and/or Molimentales to restructure their affairs, 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, 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, operating and reclamation costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry, risks related to the effects of COVID-19 on the Company; 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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