EXPLORATION AND OPTION TO PURCHASE MINING CONCESSIONS AGREEMENT

THIS AGREEMENT, made and entered in Hermosillo City, State of Sonora, United Mexican States, as of the 25th September of the year 2018, between **BEATRIZ DELIA YEPIZ FONG** herein after referred to as the "CONCESSIONAIRE AND SELLER" of the first part, and **MINERA MAGNA S.A. DE C.V.**, a mining company duly formed according to the applicable laws of the United Mexican States, hereby represented by its legal representative **HUGO FRANCISCO MEDINA MORENO** herein after referred to as the "EXPLORER AND PURCHASER" of the second part. The appearing parties hereby covenant and agree to execute at this time and exploration and option to purchase agreement (the "Agreement") that it has been divided into two legally connected agreements; the **"EXPLORATION AGREEMENT"** and the **"OPTION TO PURCHASE AGREEMENT",** that shall be both described herein after in Chapter I and Chapter II respectively; for earning 100% of mineral concessions as described herein after and accordance with the following:

R E C I T A L S

I. WHEREAS, the CONCESSIONAIRE AND SELLER hereby affirms in her own right:

1. **BEATRIZ DELIA YEPIZ FONG,** is Mexican by birth, legal age, native from Navojoa, Sonora, born on august 2nd, 1963, she is a homemaker, has the legal capacity to contract and to be owner of mining concessions.
2. **BEATRIZ DELIA YEPIZ FONG,** is the current lawful owner and in possession of the ownership rights of the mining concessions (collectively referred to as "The Mining Concessions") described as follows:
   - **a.** Concession title number **212937,** originally issued under **RODOLFO CUEVAS COFFEY´s** name, and expiring on February 12th, 2051, regarding the mining property named **"C.R."**, located in the municipality of Yecora, State of Sonora, Mexico, with a surface of 93.0491 hectares.
   - **b.** Concession title number **217854,** originally issued under **RODOLFO CUEVAS COFFEY´s** name, and expiring on August 26th, 2052, regarding the mining property named **"AMPLIACION MINA DE ORO"**, located in the municipality of Yecora, State of Sonora, Mexico, with a surface of 251.6990 hectares.

3. That the Mining Concessions are:

(a) Free and clear on any lien, charge or limitation of ownership whatsoever, and in full compliance with the obligations set forth under article 27 of the Mining Law, including obligation to perform and to show proof of performance of the assessment works, and the obligation to pay the mining tax mandated under applicable legislation;

(b) Clear of any judicial claim or arbitration proceedings; free and clear of any proceedings that may render the cancellation, nullity or non-existence of the rights certified under the Mining Concessions; and free and clear of any demand or claim mad by a third party or by authority with jurisdiction;

(c) Not affected by the juridical effects of any exploration, exploitation, option, promise to contract, unlimited association, society or joint venture agreement or by any other judicial act.

(d) Free of overlapped claims or former old mining properties that could exist and affect the Mining Concessions perimeters or the ownership rights of the Concessionaire and Seller in all or part of the Mining Concessions.

II. AND WHEREAS, the legal representative of the Explorer and Purchaser hereby affirms that:

1. The company is a Mexican mining corporation that was formed on February 15th, 2018, before Jose Jesus Francisco Lizarraga Murguia, Notary Public number 35 for the City of Hermosillo, State of Sonora, by means of Public Deed number 3,374, volume number 114, duly filed in the Hermosillo City Registry of Commerce under number N-2018014536, taxpayer number MMA-180215-QC7, and whose character of incorporation and by-laws were duly filed in the Federal Registry of Mining on June 13th, 2018, under number 124, page 456, volume XL, of the Book of Mining Corporations of the said Registry.
2. The company possesses the required legal capacity to hold as proprietor the ownership rights of the mining concessions located in the territory of the United Mexican States in accordance with article 11 of the Mining Law, as its registered domicile is located within the territory of the United Mexican States and its business and affairs include, among others, the exploration and exploitation of minerals and substances subject to the provisions of the Mining Law.
3. The authority granted to its legal representative was issued in accordance with the articles of incorporation and by-laws of the said corporation and in accordance with applicable legislation; that said authority has not been revoked, modified or limited in any manner whatsoever; and,
4. That the execution of this Agreement does not require a special resolution from the general shareholders meeting of the corporation or its board of directors; and that this Agreement does not contravene with any of the provisions stipulated under its articles of incorporation and by-laws.

III. NOW THEREFORE, the contracting parties hereby affirm that this Agreement is being executed pursuant to their financial and juridical interests and it has been divided in two legally connected agreements: the "**Exploration Agreement**" and the "**Option to Purchase Agreement**", that shall be referred to herein below as Chapter I and Chapter II, and a third Chapter named "Provisions applicable to both contracts". Now, in consideration of the premises set forth above they parties caused this Agreement to be executed in accordance with the following:

CLAUSES

CHAPTERI
Exploration Agreement

1.0 Transfer of Rights

The Concessionaire and Seller hereby transfers to the Explorer and Purchaser, that accepts the said transfer, **any and all exploration rights** (the "Exploration Rights") granted under the Mining Concessions set forth in the first recital, letters "a" through "c", including the rights on any easement, right away and/or passage or temporary occupation (the "Surface Rights") that could be established on the Mining Concessions, during the term of this Agreement. (The aforesaid first I recital is hereby incorporated to this clause for all corresponding legal purposes). However, the parties hereby agree that the Explorer and Purchaser shall conduct any kind of negotiation or meetings with third parties to enter into right-away agreements or obtaining permissions from third parties for accessing the Mining Concessions surfaces to perform the exploration activities as set our herein. Accordingly, the Concessionaire and Seller shall not be responsible for said easements or rights of way, since the Mining Concessions and their accessory rights are currently undeveloped and unexercised respectively. Nonetheless, the Concessionaire and Seller hereby promise the Explorer and Purchaser to assist it and help it regarding the obtaining of the above easements or rights of way that could be necessary to have.

1.1 The Concessionaire and Seller hereby makes material and juridical transfer to he Explorer and Purchaser of the Exploration Rights, however, not legally transferring the Surface Rights because these rights do not belong to the former:

a) With no limitation or restriction whatsoever;
b) Exclusively and irrevocably; and,
c) For the duration of the Term of Exploration and Term of the Option to Purchase as defined under the clauses 2.0 and 7.0

2.0 Terms of Exploration

The Concessionaire and Seller hereby transfers to the Explorer and Purchaser the Exploration Rights for a term of **four (4) years** (the "Term of Exploration") as of the date of signing of this Agreement before the authority of a notary public (the "Date of Signing").

2.1 The Term of Exploration shall be mandatory for the Concessionaire and Seller and discretionary for the Explorer and Purchaser. The Explorer and Purchaser shall be entitled to unilaterally issue a Notice of Termination ("as referred to Clause 15.0 at any time during the duration of the Term of Exploration. The Explorer and Purchaser shall not be obligated to pay any consideration of perform ay obligations from the date of issuance of the Notice Termination.

2.2 The Term of Exploration may be extended by a written agreement duly executed and ratified by the parties before the authority of a notary public. The extension agreement shall be executed within the previous month to the expiration month of the Term of Exploration.

3.0 **Consideration for Exploration Rights to earn 100% (one hundred per cent) of the Mining Concessions. Net Smelter Returns.**

3.1 The Explorer and Purchaser hereby covenants and agrees to pay the Concessionaire and Seller as consideration for the assignment of the Exploration Rights, and to 100% of the rights derived from the titles/certificates to the Mining Concessions, except por paragraph 3.2 herein below, the following payments in cash, as follows:

The amount of **USD$1,340,000 (One million three hundred and forty thousand US Dollars 00/100)** to be paid to the Concessionaire and Seller, as follows:

- US$50,000 plus VAT to be paid upon the sixth month after the Exploration and Option to Purchase Contract.

- US$15,000.00 plus VAT on a monthly basis beginning on the twelfth month and ending on the forty seventh month, totaling a USD$540,000 (36 monthly payments of US$15,000 each).

- US$750,000 plus VAT to be paid on the forty-eight month.

Once the Explorer and Purchaser has fulfilled with the payments mentioned above, the Concessionaire and Seller compels in a period no longer of 30 labor days to transfer by a Assignment Agreement, for the deriving rights of the mining concessions.

3.2 **Royalties & Shares.** In addition to the above cash payments, the Concessionaire and Seller shall be entitled to receive:

(i) a 3 per cent (3%) of Net Smelter Returns (NSR), the procedure of calculation and payment of the said net royalty to the Concessionaire and Seller is determined in **"Appendix A"** attached hereto. The parties hereby expressly covenant that the Explorer and Purchaser shall have the right to acquire in the first 3 years, a 1% of the 3% mentioned above, in other words, up to 3 percentage points, paying for each point the amount of USD$500,000.00; and

(ii) 2,442,105 common shares of Magna Gold Corp. ("Magna Parent") to be issued to the Concessionaire and Seller at such time and in the event that Magna Parent completes a going public transaction on or before the sixth month after the Exploration and Option to Purchase Contract. The Explorer and Purchaser shall cause Magna Parent to issue the shares as duly and validly issued as fully paid and non-assessible shares of Magna Parent. For greater certainty, in the event that the going public transaction does not occur on or before the sixth month after the Exploration and Option to Purchase Contract, there is no obligation to issue the shares.

3.3 Once the Explorer and Purchaser has fully made the cash payments (and share payments, if applicable) to the Concessionaire and Seller as mentioned hereinbefore, shall deliver notice to the latter about its right to exercise the option to purchase 100% of the rights derived from the titles to the Mining Concessions.

3.4 The parties hereby agree that the monetary considerations forth in before of this clause may be paid in national currency of the United Mexican States by calculating the equivalent amount payable in accordance with the exchange rate posted por payment of obligations denominated in foreign currency by the Bank of Mexico in the Official Gazette of the Federal Government, on the las published day before corresponding obligations becomes due.

3.5 The Explorer and Purchaser shall be authorized to withhold any amount mandated under the Income Tax Act and it shall be obligated to calculate any make payment of any corresponding payments mandated under the Value Added Tax Act that are applicable to the considerations paid to the Concessionaire and Seller hereto.

3.6 The Concessionaire and Seller shall deliver to the Explorer and Purchaser, when the buy-out is paid full, an invoice containing any and all requirements mandated under applicable tax legislation, for each payment made in compliance hereto.

3.7 In the event that the date of payment of a monetary obligation falls on a non-business day, the said obligation shall become payable on the business day immediately following the stated date of payment.

4.0 <u>Transfer free of restrictions</u>

The Concessionaire and Seller hereby transfer to the Explorer and Purchaser the Exploration Rights, however, not legally transferring the Surface Rights because these rights do not belong to the Concessionaire and Seller:

(i) Free and clear on any lien, charge or limitation of ownership whatsoever;

(ii) Without any restriction or limitation to any of the rights to which the Concessionaire and Seller is entitled to as rightful owner or possessor:

(iii) In full compliance with the obligation to perform and to show proof of performance of the exploration works mandated to be executed on the Mining Concessions under article 27 of the Act;

(iv) In full compliance with all fiscal obligations imposed by applicable legislation and, specifically, under article 27 of the Act;

(v) Free and clear of any judicial claim or arbitration proceedings; free and clear of any proceedings that may render the cancellation, nullity or non-existence of the rights pertaining the Mining Concessions; free and clear of any demand or claim mad by a third party or by authority with jurisdiction; and,

(vi) Not affected by the juridical effects of any exploration, exploitation, option, promise to contract, unlimited association, society or joint of venture agreement or by other juridical act.

4.1 The parties hereby covenant and agree that the Concessionaire and Seller shall not be permitted to perform on the Mining Concessions, directly or indirectly, any mining activity permitted under the Acta, or any other act or activity that may reasonably be construed as an exploration activity or commercial production of minerals or mineral substances regulated under the Act.

4.2 In the event that the Concessionaire and Seller are in default with any of the obligations imposed to the Mining Concessions by article 27 of the Act, which were payable prior to the Date of Signing, the Explorer and Purchaser may,

(i) Notify the Concessionaire and Seller the Notice of Termination; or,

(ii) Comply with the defaulted obligation, and deduct from considerations set forth under clause 3.0 any amount paid on behalf of the Concessionaire and Seller. However, if possible, the Explorer and Purchaser shall preferably choose this second alternative.

5.0 <u>Mining Activities and Exploration Program</u>

The parties hereby covenant and agree that the Exploration Rights transferred to the Explorer and Purchaser herein, shall entitle said Company to perform on the Mining Concessions any mining exploration activity (the "Mining Activities") including, but not limited to:

(i) The construction of any building, structure or exploration work, including, but not limited to: geological recognizance, sampling of rocks, soil sediments and minerals to perform metallurgical testing; geological and geophysical mapping; trenching and other supporting exploration work; drilling and underground developments of any nature; construction of tunnels and other underground work to identify mineral deposits and to evaluate and quantify any ore deposits located therein;

(ii) Obtaining from third parties the right of access, establishment of easements, temporary occupation of the construction of passages that are deemed necessary by the Explorer and Purchaser with assistance of the Concessionaire and Seller, to perform exploration works, including, but not limited to, the construction of access roads, administrative offices and workshops; and, in general, the construction of any facility, building or structure that is necessary, in the opinion of the Explorer and Purchaser to perform said works. The parties hereby agreed that any existing real estate or buildings or easements that were used by the Concessionaire and Seller in the past, and it shall be subject to an inventory, might be used or leased again by the Explorer and Purchaser if the Explorer and Purchaser reached agreements with the corresponding owners to make use of them again according to the applicable laws.

(iii) Complete access to, and the right to take copies of, any existing historical documents regarding the Mining Concessions, including among others, maps, lab assays, and any type of technical and/or scientific studies and its results, as well as the right to re-sample selected portions of drill hole cores for assaying and confirming in qualified laboratories.

(iv) The use of water necessary for the exploration works and for domestic use of the personnel employed thereat;

(v) The installation of water pipelines or electricity cables, or any structure or construction designed for the conduction of water or electricity; and,

(vi) In general, the enjoyment of any right granted to the Explorer and Purchaser by the Act, the Regulations and by applicable legislation, in its capacity of legal holder of the Exploration Rights.

5.1 The Explorer and Purchaser shall have the exclusive and irrevocable right to design and implement the exploration program (the "Exploration Program") to be executed on the Mining Concessions during the Term of Exploration. The Explorer and Purchaser shall be entitled exclusively as it deems appropriate at it own discretion, and it shall be solely responsible for, the allocation of funds that are necessary for the execution of the Mining Activities and the implementation of the Exploration Program.

5.2 The Explorer and Purchaser shall be entitled, at its own discretion and when deemed necessary, to hire services of a competent third party to perform the Mining Activities on the Mining Concessions and to implement the Exploration Program.

CHAPTERII

Option to Purchase Agreement

6.0 Option to Purchase

The Concessionaire and Seller hereby grants the Explorer and Purchaser the irrevocable and exclusive option to purchase (the "Option to Purchase") one hundred per cent (100%) of the ownership rights of the Mining Concessions, including all accessory rights thereof.

6.1 The Option to Purchase hereby granted by the Concessionaire and Seller shall be:

(i) Exclusive, because it is granted solely to the Explorer and Purchaser an to any other assignee of said Company with legal capacity under the law;

(ii) Irrevocable, because the Concessionaire and Seller is not entitled to revoke, suspend, renege on or interrupt the Option to Purchase during the Term of the Option to Purchase.

(iii) Extendable, under the terms set out in paragraph 2.2.

7.0 Term of the Option to Purchase

The parties hereby covenant and agree that the exclusive and irrevocable Option to Purchase granted herein to the Explorer and Purchaser shall be for a term of **four (4) years** (the "Term of the Option to Purchase") from the Date of Signing. The Explorer and Purchaser shall notify in writing to the Concessionaire and Seller, in the terms set out in clause 18.0., its decision to exercise the right of Option to Purchase one hundred per cent (100%) of the Mining Concessions (the "Notice to Purchase"). The Notice to Purchase may be made at any time during the Term of the Option to Purchase or its extension, in any.

7.1 Upon notification of the Notice to Purchase and the execution and ratification of the Purchase Agreement (as defined under clause 8.1) before the authority of a notary public, the Explorer and Purchaser shall pay to the Concessionaire and Seller the amount of money resulting from deducting from the Total Purchase Price (as defined under clause 9.0) any amount paid in accordance with clause 3.0.

7.2 The Term of the Option to Purchase and/or its extension, if any, shall be mandatory for the Concessionaire and Seller and discretionary for the Explorer and Purchaser. The Explorer and Purchaser shall be entitled to unilaterally issue a Notice of Termination (as defined under clause 15.0., paragraph (i) at any time during the term of the Term of the Option to Purchase and/or during the term of the extension, if any, as set forth under the aforementioned clause.

8.0. Transfer of Ownership

The Concessionaire and Seller hereby enters into an obligation to transfer to the Explorer and Seller, or to any of its assignees with legal capacity, one hundred per cent (100%) of the ownership rights derived from the mining titles to the Mining Concessions and the Surface Rights, if any, once the payments in cash and the investment commitments are paid and the fulfilled respectively as provided for in clause 3.0, paragraph 3.1. The transfer of ownership set forth herein shall be made within a non-extendable term of fifteen (15) calendar days, commencing on the date the Explorer and Purchaser notifies the Concessionaire and Seller the Notice to Purchase, which shall be made in accordance with the terms and conditions set out under clause 18.0.

8.1 The transfer to the Explorer and Purchaser of the ownership rights of the Mining Concessions and the Surface Rights, if any, as set forth hereunder shall be made on a duly executed public deed (the "Purchase Agreement"), which shall be signed and ratified by the parties before the authority of a notary public and it shall be filed before the Federal Registry of Mining of the General Mining Bureau. The parties hereby agree that the terms of sale to be entered into under the Purchase Agreement shall be terms set forth hereunder.

9.0 Considerations for Transfer of Ownership

The Explorer and Purchaser shall pay to the Concessionaire and Seller in consideration for the transfer of one hundred per cent (100%) of the ownership rights to the Mining Concessions and the Surface Rights, if any, the amounts set out in clause 3.0 paragraph 3.1.

9.1. All payments in cash shall be subject to the following rules:

(i) Any payment made by the Explorer and Purchaser under the terms set out in clause 3.0, paragraphs 3.1 and 3.2 shall be deducted from the Total Purchase Price.

(ii) The monetary considerations set forth herein may be paid in national currency of the United Mexican States by calculating the equivalent amount payable in accordance with the exchange rate posted for payment of obligations denominated in foreign currency by the Bank of Mexico in the Official Gazette of the Federal Government, on the last published day before the corresponding obligation becomes due; and,

(iii) The Explorer and Purchaser shall be authorized to withhold, from payments made hereunder, any amount mandated under Income Tax Act and it shall be obligated to assess and make payment of any corresponding amount mandated under the Value Added Tax Act.

CHAPTERIII

Provisions Applicable to Both Contracts

10.0 Obligations of the Explorer and Purchaser

The Explorer and Purchaser hereby covenants and agrees to maintain in good standing, from the Date of Signing, the Mining Concessions and to comply with the obligations imposed by the Mining Law and its Regulations, including the obligations to:

(i) Perform, and show proof of performance to the Federal Bureau of Mines, the exploration works to be executed on the Mining Concessions;
(ii) Pay the mining taxes imposed by applicable legislation, and to show proof of payment to the Federal Bureau of Mines; and,
(iii) Comply with all the obligations imposed under article 27 of the Mining Law.

10.1 The Concessionaire and Seller shall be solely responsible for the compliance with any of the obligations set forth in paragraphs (i), (ii) and (iii) above that were generated prior to the Date of Signing.

11.0 Obligations of the Concessionaire and Seller

The Concessionaire and Seller hereby covenant and agree that during of the Term of Exploration and/or its extension and/or during the Term of Option to Purchase, she shall:

(i) Not lien, promote, sell or offer for sale to a third party, any right derived from the Mining Concessions.

(ii) Not negotiate with a third party, directly or indirectly, promote the sale, pledge or offer to pledge; and, in general, not restrict, limit, undermine or reduce, any of the rights derived from, or the ownership rights of, the Mining Concessions and the Surface Rights;

(iii) Not decrease or downsize the surface area, or file an application thereof, of the Mining Concessions, unless the Explorer and Purchaser grants its express and evident consent to file said application;

(iv) Notify forthwith to the Explorer and Purchaser of any claim, suit, litigation or demand made by a third party or authority with jurisdiction, that may, or attempts to, affect any manner whatsoever, the rights derived from the Mining Concessions.

(v) Doing its best in assisting the Explorer and Purchaser, and with the local community´s support, for having a free-from-obstruction and east development of the exploration works; however, it shall be the Explorer and Purchaser's responsibility to assure the adequate and professional behavior of its representatives, agents, contractors or attorneys-in-fact in the performance of their duties during the development of the exploration works and drilling, along with carrying-out of scientific and technical studies in the project.

(vi) Complete access to, and the right to take copies of, historical documents or files of any type regarding the Mining Concessions, including maps, lab assays, studies, technical and/or scientific reports, etc.: as well as the right to re-sample selected portions of drill hole cores for assaying and confirming in qualified laboratories.

12.0 Exclusivity

The Concessionaire and Seller shall be obligated according to clause 11.0 above until:

(i) The Term of Exploration and/or its extension, and/or the Term of the Option to Purchase are elapsed.

(ii) The Explorer and Purchaser notifies in writing, in accordance with clause 18.0 its decision to not exercise the Right of Option to Purchase; or,

(iii) The Explorer and Purchaser issues the Notice of Termination under the terms set out in clause 15.0.m Paragraph (i).

13.0 Assignment of Rights

The Concessionaire and Seller hereby grants to the Explorer and Purchaser their irrevocable and absolute consent provided under the law to act, at its own discretion, assign, or in any other manner transfer, to a third party with legal capacity any and all rights and obligations stipulated hereunder, including the Exploration Rights and the right of Option to Purchase the Mining Concessions and the Surface Rights, if any.

13.1 The Explorer and Purchaser hereby covenants and agrees to stipulate on the transfer agreement executed as set forth above (the "Transfer Agreement"), any and all obligations payable under clauses 3.0, paragraphs 3.1 and 3.2 and clause 9.0 that become due after the date of signing said instrument. The assignee or transferee of the rights therein shall undertake the aforesaid obligations to pay that become due after the date of signing the Transfer Agreement.

13.2 This Agreement, when duly executed and ratified by the parties before the authority of a notary public, shall be construed as the express consent of the Concessionaire and Seller to authorize the Explorer and Purchaser, at its own discretion, to assign the rights and obligations entered into herein.

14.0 Default of Obligations

The parties shall be entitled to issue the rescission of this Agreement (the "Notice of Rescission") in the event of non-compliance with any if the obligations entered into herein in accordance with the following:

14.1 In the event of default of obligations, the affected party shall deliver to the address of the defaulting party, as set out under clause 18.0., a notice of default of obligations (the "Notice of Default") and it shall grant to the defaulting party thereon a term of thirty (30) calendar days, commencing on the date of receipt of the said Notice, to comply with any and all of the defaulting obligations. The parties may extend the term set forth herein by written agreement, indicating the extension granted therein.

14.2 The affected party shall be entitled to issue the Notice of Rescission at the expiration of the aforementioned term or at the expiration of any extension agreed upon, as the case may be, in the event that the defaulting party does not comply with any and all of the outstanding obligations within the said terms.

15.0 Termination of Agreement

This agreement may be terminated by the occurrence of any of the below termination causes as follows:

(i) By delivering of a notice of termination from the Explorer and Purchaser to the Concessionaire and Seller, according to clause 2.0 paragraph 2.1.

(ii) By completion of the Term of Option to Purchase, when the Explorer and Purchaser does not issue the Notice to Purchase.

(iii) By declaration of nullity, cancellation, or suspension of any of the rights derived from the Mining Concessions, made by authority with jurisdiction.

(iv) Subject to clause 15.1. by discovery of any lien, charge, limitation of ownership or any other payable obligation on the Mining Concessions and Surface Rights, caused by the Concessionaire and Seller in contravention with clause 4.0.

(v) Subject to clause 15.1 by discovery of any exploration, exploitation, option, promise to contract, unlimited association, society or joint venture agreement, or any other juridical act affecting the rights derived from the Mining Concessions and the Surface rights, caused by the Concessionaire and Seller in contravention with clause 4.0.

(vi) By written agreement duly executed and ratified by the parties before the authority of a notary public.

15.1 In the event of occurrence of any of the causes set forth under paragraphs (iii), (iv) and (v) above, the Explorer and Purchaser may, at its own discretion,

(i) Issue the Notice of Termination with all applicable legal consequences; or,

(ii) Execute whatever juridical act that is necessary to effect the cancellation of any lien, charge, limitation to ownership or obligation, or the cancellation of any agreement or juridical act, that is affecting the rights derived from the Mining Concessions, and, to deduct from the amounts set forth under clauses 3.0. and 9.0 any disbursements made and damages incurred in executing said cancellations (the "Cancellation Charges"); if the monies deducted are not sufficient to fully recover the Cancellation Charges, the Concessionaire and Seller hereby agrees to reimburse to the Explorer and Purchaser the balance outstanding.

15.2 The Concessionaire and Seller shall not be obligated to make restitution of any of the considerations paid as set forth under clause 3.0, and said consideration shall be considered as accrued revenue, in the event of termination of this Agreement, when the Explorer and Purchaser issues the Notice of Termination as provided for in clause 2.1. Upon termination of this agreement as a result of the occurrence of any of the termination causes set out herein, the Explorer and Purchaser shall be granted a term of ninety (90) calendar days to remove from the Mining Concessions any movable goods, including any equipment, machinery, tool or device, that were utilized during the execution of the Mining Activities. In addition, the Explorer and Purchaser shall deliver a document or letter whereby shall keep the Concessionaire and Seller safe from previous labor liability.

16.0 <u>Governing Law</u>

The parties hereby covenant and agree that this Agreement is regulated by the provisions Act and Regulations, the Code of Commerce and the Civil Code. The parties hereby agree that the state and federal tribunals competent in Hermosillo City, State of Sonora, Mexico, shall have the authority to resolve any suit or claim arising under this Agreement. The parties hereby renounce to the jurisdiction of any tribunal or court to whose jurisdiction they might have a right to, by virtue of their current or future domiciles.

17.0 Force Majeure

There shall not be default to the obligations entered into herein, when said default is caused by an act of force majeure. The obligations entered into by the parties hereunder shall be suspended during the existence of an act of force majeure. The obligation to pay the monies as set out under clauses 3.0 and 9.0 shall be suspended during the existence of an act of force majeure and the terms for payment shall be advanced by a number of days equal to the period of time of the act of force majeure.

17.1 The parties recognize as events of force majeure the following, strikes, lock-outs, labour shortages, power shortages, fuel shortages, fires, wars, acts of God, governmental regulations restricting normal operations, shipping delays, delay or failure by suppliers or transporters of materials, parts, supplies, services or equipment or by contractors or subcontractors shortage of, or inability to obtain, labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities; actions by native groups; restricted or denial access due to local landowners or violence or threats against the Explorer and Purchaser or its agents or employees, or any other reason or reasons, other than lack of funds, beyond the control of the Explorer and Purchaser the time limited for the performance of the Explorer and Purchaser of its obligations hereunder shall be extended by a period equal in length to the period of each such prevention or delay, but nothing herein shall discharge the Explorer and Purchaser from its obligations hereunder to maintain the Mining Concessions in good standing.

17.2 The Explorer and Purchaser shall give prompt notice to the Concessionaire and Seller of each event of force majeure and upon cessation of such event shall furnish to the Concessionaire and Seller with notice to that effect together with particulars of the number of days by which the obligations of the Explorer and Purchaser hereunder have been extended by virtue of such event of force majeure and all proceeding events of force majeure.

18.0 Notices to Parties

Any notice or notification given or required to be given between the parties as a result of the application of this Agreement, including any notification required under judicial proceedings, shall be given in writing and personally delivered to the other party, or delivered by any way that assures undoubtedly its reception, in both cases with acknowledgement of receipt thereof, or set by fax in business hours, and it shall be addressed to the latest domiciles set out by the parties under this Agreement, which domiciles are, as follows:

The Explorer and Purchaser

Minera Magna S.A. de C.V.

Blvd. Paseo de las Quintas no. 123 Local 101 y 102

Colonia Cataviña, C.P. 83240 Hermosillo, Sonora

At´n Ing. Francisco Arturo Bonillas Zepeda

The Concessionaire and Seller

Beatriz Delia Yepiz Fong

Calle Nainari no. 158

Localidad Estación Vicam, C.P. 85510

Or at such change of address as directed by written notice.

18.1 The parties hereby agree to mutually notify each other of any notice, demand or claim delivered by a third party or authority with jurisdiction, pertaining to the rights derived from the Mining Concessions.

19. Area of Interest

Any properties that could be acquired or claims that could be filed by the parties (either directly acquired by them by means of third parties following their instructions), during the term of this agreement, within ten (10) kilometers around the project boundaries (a map showing the area of interest is attached hereto as **"Appendix B"**, shall become part of the Mining Concessions subject to this agreement. Should the option to purchase not be exercised, all such properties and claims described in this clause shall revert to the Concessionaire and Seller.

20.0 Successors and Assigns

This agreement is binding upon and inures to the benefit of, the Concessionaire and Seller, the Explorer and Purchaser and their respective successors and assigns.

21.0 Languages

The parties hereby covenant and agree that this instrument is executed in both English and Spanish, and in the event of any discrepancy between the two versions, the Spanish version shall prevail.

[Signature page follows.]

In witness whereof, the parties hereto after having read and understood the legal effects and term of the premises set forth above, have caused this Agreement to be executed today, this 25th September of the year Two Thousand and Eighteen in the city of Hermosillo, State of Sonora, Mexico.

THE CONCESSIONAIRE AND SELLER

"*Beatriz Delia Yepiz Fong*"
BEATRIZ DELIA YEPIZ FONG

THE EXPLORER AND PURCHASER

"*Hugo Francisco Medina Moreno*"

MINERA MAGNA S.A. DE C.V.

By its legal representative,

HUGO FRANCISCO MEDINA MORENO

APPENDIX A

NET SMELTER RETURNS ROYALTY

1. For the purposes of this Agreement the term "Net Smelter Returns" shall mean the actual proceeds received from any independent custom smelter, mint or other purchaser for the sale of all mineral, metals or concentrates extracted and derived from the ore mined from the Mining Concessions after deducting therefrom all charges and penalties for smelting and refining and the costa of transportation (to the smelter and thereafter to he mint), insurance premiums, sampling and assaying charges incurred after the minerals, metals or concentrates have left the Mining Concessions and all appropriate mint charges.

2. Within ninety (90) days following the end of each calendar year, commencing with the year in which the Mining Concessions are brought into commercial production, the Explorer and Purchaser shall deliver to the Concessionaire and Seller an annual statement of the Net Smelter Returns for such calendar day, duly certified by an independent Chartered Accountant appointed by the Explorer and Purchaser for such purposes, together with payment of the royalty, if any, determined as aforesaid. The Concessionaire and Seller shall have the right within a period of three (3) months from receipt of the annual statement to conduct independent audit at its own cost and expense, the right to review the Explorer and Purchaser books and records relating thereto and an opportunity to discuss issues raised with such independent Chartered Accountant.

3. If any portion of the minerals, metals or concentrates extracted and derived from the ore mined from the Mining Concessions are sold to a purchaser owned or controlled by the Explorer and Purchaser, the actual proceeds received shall be deemed to be an amount equal to what could be obtained from a purchaser or a smelter not so owned or controlled in respect of minerals, metals or concentrates, as applicable, of like quality and quantity, after deducting therefrom a charge equal to the transportation cost which would have been incurred had the material been transported to such third party purchaser or smelter.

EXTENSION AGREEMENT

THIS EXTENSION AGREEMENT made effective as of this 22nd day of March, 2019

B E T W E E N

MINERA MAGNA S.A. DE C.V., a corporation duly formed according to the applicable laws of the United Mexican States (hereinafter referred to as "**Magna Mexico**");

\- and -

Beatriz Delia Yepiz Fong, an individual resident in the state of Sonora Mexico (hereinafter referred to as the "**Optioner**").

WHEREAS Magna Mexico and the Optioner entered into an exploration and option to purchase mining concessions agreement (the "**Mercedes Option Agreement**") dated September 25, 2018 (the "**Effective Date**"), pursuant to which Magna Mexico will acquire from the Optioner an option to acquire a 100% undivided interest in the Mercedes Property, consisting of two mining concessions located in the municipality of Yécora, Sonora, Mexico, for a four-year period;

AND WHEREAS the Mercedes Option Agreement contemplated that Magna Gold Corp. ("**Magna Canada**"), the parent company to Magna Mexico over which Magna Canada exercises 100% control, shall have completed a going public transaction on or before the sixth month from the Effective Date (the "**Going Public Date**");

AND WHEREAS the parties hereto wish to extend the Going Public Date and to make certain corresponding amendments to the Mercedes Option Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereby agree as follows:

1. The Mercedes Option Agreement is hereby amended by replacing "sixth month" in subsection 3.2(ii) with "eighth month".

2. All other terms of the Mercedes Option Agreement shall remain in full force and effect unamended and are hereby ratified by the parties hereto in all respect.

3. This Extension Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and legal personal representatives.

4. The parties hereby covenant and agree that this Extension Agreement shall be regulated by the provisions of the Act and Regulations, the Code of Commerce and the Civil Code (as those terms are used in the Mercedes Option Agreement).

5. This Extension Agreement may be executed in counterparts, delivery of which may be effected by means of an electronic transmission, and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

[*Signature Page Follows*]

In witness whereof, the parties hereto after having read and understood the legal effects and term of the premises set forth above, have caused this Extension Agreement to be executed today, this 22nd day of the year Two Thousand and Nineteen in the city of Hermosillo, State of Sonora, Mexico.

OPTIONER

witness

By: *"Beatriz Delia Yepiz Fong"*
Name: Beatriz Delia Yepiz Fong

MINERA MAGNA S.A. DE C.V.,

By: *"Hugo Francisco Medina Moreno"*
Name: Hugo Francisco Medina Moreno
Title: Legal Representative