FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Magna Gold Corp. (the "**Corporation**")
18 King Street East, Suite 902
Toronto, Ontario M5C 1C4

2. Date of Material Change

May 6, 2020

3. News Release

A news release with respect to the material change referred to in this report was issued by the Corporation on May 6, 2020 through Globe Newswire and a copy was subsequently filed under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

4. Summary of Material Change

On May 6, 2020, the Corporation announced that (i) it had closed the acquisition (the "**Acquisition**") of the San Francisco mine located in Sonora, Mexico (the "**San Francisco Mine**") pursuant to a definitive share purchase agreement dated March 5, 2020, as amended April 24, 2020 (the "**Definitive Agreement**"), between Timmins GoldCorp Mexico S.A. de C.V. ("**Timmins**"), a wholly-owned subsidiary of Alio Gold Inc. ("**Alio**"), and the Corporation through the acquisition of Molimentales del Noroeste, S.A. de C.V. ("**Molimentales**"), Alio's indirect wholly-owned subsidiary, and (ii) it had closed its previously announced non-brokered private placement (the "**Private Placement**") consisting of 5,714,286 common shares in the capital of the Corporation (the "**Offered Shares**") at a price of C$0.35 per Offered Share for aggregate gross proceeds of approximately C$2,000,000.

5.1 Full Description of Material Change

<u>Acquisition</u>

On May 6, 2020, the Corporation announced that it had closed the Acquisition of the San Francisco Mine pursuant to the Definitive Agreement between Timmins, a wholly-owned subsidiary of Alio, and the Corporation.

Under the terms of the Definitive Agreement, the Corporation acquired ownership of Alio's indirect wholly-owned subsidiary, Molimentales, in exchange for (i) the issuance to Timmins of 9,740,000 common shares in the capital of the Corporation (the "**Consideration Shares**") at a deemed price of C$0.40 per Consideration Share; and (ii) US$5,000,000 in cash or a 1% net smelter return royalty in respect of the San Francisco Mine, at the election of the Corporation, on or before May 6, 2021.

Following completion of the Acquisition and the Private Placement, Timmins owned approximately 17.48% of the outstanding common shares in the capital of the Corporation (the

"**Common Shares**").

The Consideration Shares are subject to a lock-up agreement until the earlier of (i) May 6, 2021; and (ii) the date on which Timmins and its affiliates collectively hold less than 9.9% of the issued and outstanding Common Shares on an undiluted basis. In the event that Timmins wishes to sell any or all of its Common Shares, the Corporation will have the option to arrange the purchaser of such shares until Timmins and its affiliates hold less than 9.9% of the issued and outstanding Common Shares on an undiluted basis.

Molimentales is party to an ongoing amparo suit with Inmobiliaria y Hotelera Los Algodones, S.A. de C.V. with respect to an amount of US$1,725,000.

The Acquisition is subject to the final acceptance of the TSX Venture Exchange (the "**Exchange**").

Medalist Capital Ltd. ("**Medalist**") and Trinity Advisors Corporation ("**Trinity**") acted as financial advisors to the Corporation. In connection with the Acquisition, Medalist and Trinity received advisory fees consisting of an aggregate of C$240,000 in cash and the issuance of an aggregate of 1,029,999 Common Shares (the "**Compensation Shares**") at a deemed price of C$0.40 per Compensation Share. The Compensation Shares are subject to a hold period in accordance with applicable Canadian securities laws which will expire on September 7, 2020.

Private Placement

On May 6, 2020, the Corporation also announced that it had closed its previously announced non-brokered Private Placement consisting of 5,714,286 Offered Shares at a price of C$0.35 per Offered Share for aggregate gross proceeds of approximately C$2,000,000. The net proceeds from the Private Placement will be used for the acquisition of, and for working capital purposes in connection with, the San Francisco Mine.

In connection with the Private Placement, the Corporation has: (i) paid approximately C$28,400 in cash finder's fees to Canaccord Genuity Corp. ("**Canaccord**") and issued 34,260 Common Shares (the "**Finder's Shares**") to Medalist at a deemed price of C$0.35 per Finder's Share in lieu of cash finder's fees, representing 6% of the gross proceeds of the Offered Shares that were sold to subscribers introduced by such parties; and (ii) issued an aggregate of 96,185 non-transferable warrants (the "**Finder's Warrants**") to Canaccord and Medalist, representing 5% of the Offered Shares that were sold to subscribers introduced by such parties, with each Finder's Warrant being exercisable for one Common Share at a price of C$0.35 per Common Share until May 6, 2022.

The securities issued in connection with the Private Placement are subject to a hold period in accordance with applicable Canadian securities laws which will expire on September 7, 2020. The Private Placement is subject to the final acceptance of the Exchange.

Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions

Arturo Bonillas, an officer and a director of the Corporation, and Medalist, an insider of the Corporation prior to the completion of the Acquisition and the Private Placement, subscribed for 285,714 Offered Shares and 200,000 Offered Shares, respectively, under the Private Placement on the same terms as arm's length investors. Medalist also received 34,260 Finder's Shares and 28,550 Finder's Warrants in connection with the Private Placement. Immediately following the completion of the Acquisition and the Private Placement, Mr. Bonillas and Medalist beneficially owned or controlled 5,095,714 Common Shares and 4,801,938 Common Shares, respectively, representing approximately 9.15% and 8.62%, respectively, of the issued and outstanding Common Shares. Medalist ceased to be an insider of the Corporation following the completion of the Acquisition and the Private Placement.

The participation of Mr. Bonillas and Medalist in the Private Placement and the issuance of the Finder's Shares and Finder's Warrants to Medalist constitutes a "related party transaction" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Corporation is exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Private Placement in reliance on sections 5.5(b) and 5.7(1)(a), respectively, of MI 61-101, as no securities of the Corporation are listed or quoted on the specified markets and neither the fair market value of the securities issued to Mr. Bonillas and Medalist nor the fair market value of the consideration for the securities issued to Mr. Bonillas and Medalist exceeds 25% of the Corporation's market capitalization as calculated in accordance with MI 61-101. The Corporation did not file a material change report containing all of the disclosure required by MI 61-101 more than 21 days before the expected closing date of the Private Placement as the aforementioned insider participation had not been confirmed at that time and the Corporation wished to close the Private Placement as expeditiously as possible.

A special committee was not established in connection with the Private Placement. The Private Placement was approved by a resolution in writing pursuant to subsection 129(1) of the *Business Corporations Act* (Ontario). No materially contrary view was expressed or made by any director who voted on the resolution.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

No information has been omitted from this report on the basis that it is confidential information.

8. Executive Officer

The following executive officer of the Corporation is knowledgeable about the material change and this report and may be contacted as follows:

Arturo Bonillas
President and Chief Executive Officer
Telephone: (647) 259-1790

9. Date of Report

May 14, 2020