MAGNAGOLD

Magna Gold Secures $10 M in Funding with Founding and Strategic Shareholder to Accelerate Exploration Across 6 Assets

TORONTO, May 13, 2021 /CNW/ - Magna Gold Corp. (TSXV: MGR) (OTCQB: MGLQF) ("Magna" or the "Company") is pleased to announce a non-brokered private placement of CAD$10,000,000 secured convertible debentures (the "Debentures") with Delbrook Capital Advisors Inc. ("Delbrook") on behalf of funds managed by Delbrook. The Debentures mature in 24 months from issuance and bear interest at a rate of 6.5% per year. The principal amount of the Debentures is convertible, at the election of Delbrook, into common shares of the Company at a conversion price of CAD$1.25 per common share, representing a 35.5% premium to the 10-day VWAP. The interest on the Debentures is convertible at the election of Delbrook into either cash or common shares of the Company based on the closing price on the day prior to the applicable interest payment date and will be paid in full, including in the event of early conversion. The Company will pay Delbrook a 1.25% arrangement fee on closing of the private placement. The private placement, which received approval by Magna's board of directors on May 11, 2021, is subject to the approval of the TSX Venture Exchange.

Delbrook, which is a founding shareholder of Magna and assisted in acquiring the Mercedes property in 2018, will become an insider of the Company upon conversion of the Debentures. Matthew Zabloski, the Managing Director of Delbrook commented: "We are excited to continue supporting Magna as it enters the next phase of its evolution into a production company with significant exploration potential. This capital will help Magna accelerate its exploration pipeline while delivering operationally at the San Francisco Mine. It is rare to be able to invest in an emerging gold producer with such an exciting portfolio of assets".

Arturo Bonillas, President and CEO of Magna stated: "This financing will allow us to categorically advance on some of the most interesting exploration gold and silver properties that the Company has acquired in the last year. Now that the San Francisco Mine is reaching full scale production, we plan to focus on bringing value to stakeholders by increasing the Company's geological and mineral resources via intense drilling and exploration."

After the closing of the private placement, Magna will commence mobilization and exploration activities across its portfolio. Exploration activities include:

- **Margarita Silver Project** – 10,000 metres ("m") of core drilling for expansion exploration at depth of the Margarita vein system and infill resource definition along strike. Margarita is a high-grade silver target located in the State of Chihuahua acquired from Sable Resources late in 2020 who conducted two successful drill campaigns. The property hosts five quartz-barite and minor calcite epithermal veins-breccias of low to intermediate sulphidation affinity hosted by volcanic rocks of andesitic and rhyolitic composition. The property lies 15 kilometres ("km") northwest on strike with Gatos Silver Inc.'s Los Gatos Mine. Magna intends to carry out a mineral resource and preliminary economic assessment upon completion of the drill program.
- **Mercedes Gold Project** – 1,500 m of core drilling and 10,000 m of reverse circulation ("RC") drilling for expansion and infill on the La Lamosa target to convert and expand the current inferred geological resource into M+I+I categories. Also 1,500 m of core drilling on the Mina del Oro target to define an initial gold and silver resource on that area near la Lamosa Hill. Additionally, carry out Induced Polarization & Resistivity lines to test the quartz-tourmaline breccias at depth, including five targets located in a geological environment of epithermal high sulphidation copper porphyry targets.
- **San Judas Gold Project** – 5,000 m of RC drilling and 1,000 m of core drilling on four different targets within the property. San Judas is located within the prolific Mojave – Sonora Megashear and 40 km west of the San Francisco Mine.
- **Veta Tierra Gold Project** – 2,000 m of RC drilling to follow up on discovery hole VT14-002 (1.286 g/t Au over 33.85 m including 22.40 m of 3.26 g/t Au) from a drill program carried out in 2014 drill program. Veta Tierra is located 4 km north of the San Francisco Mine and the objective of the drill program is to potentially define a satellite open pit target for heap leaching.
- **La Pima Silver Project** – 3,000 m of RC drilling to test down dip extension of the discovery holes on four different areas and test new gold anomalies north of the project. The target at La Pima is limestone ridges approximately 2.5 km long with varying surface thicknesses from 40 to 10 m. The Pima mine, West and North targets are the focus of drilling to test the continuity of this mineralization at depth. In the Pima mine target, the mineralized limestones have a thickness of 40 to 60 m wide and a known depth of 70 m and a length of at least 150 m near the main intersection of the northwest and northeast structures, leaving the exploration potential open at depth and laterally.
- **Los Muertos** – Carry out extensive field work to further define drill targets. The property is in the La Colorada District in Sonora, Mexico, defined by hundreds of low sulphidation epithermal-vein type historic silver-gold deposits and showings which remain largely unexplored. Vein clusters at Los Muertos share a common orientation with the four main zones at Argonaut's La Colorada mine. Los Muertos project's immediate area is characterized by extreme silicification, hematization and argillic alteration, suggesting the potential for both extensive silver-gold veins systems, and coincident, pervasive disseminated mineralization in the host sedimentary and volcanic rocks.

About Magna Gold Corp
Magna is a Mexico focused gold/silver production company focused on acquiring, exploring, developing and operating quality precious metals properties in Mexico. It is committed to advancing its 100% owned 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

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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.

Qualified Person
James Baughman (P. Geo.), Consulting Geologist and a Qualified Person as defined by NI 43-101, has approved the scientific and technical information in this news 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 "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 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 Company's objectives, goals or future plans, statements, exploration results, potential mineralization, exploration and mine development plans, production (including the timing of the commencement of commercial production), *processing and mining expectations, cash flow generation and balance sheet projections. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to 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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For further information: please visit the Company's SEDAR profile at www.sedar.com or the Company's corporate website at www.magnagoldcorp.com or contact us at telephone +52 (662) 310 0326, email info@magnagoldcorp.com.

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