MAGNA GOLD CORP.

(A CAPITAL POOL COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2019

AND

FROM JANUARY 9, 2018

(DATE OF INCORPORATION) TO

MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Magna Gold Corp.:

Opinion

We have audited the consolidated financial statements of Magna Gold Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and March 31, 2018, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended March 31, 2019 and for the period from incorporation on January 9, 2018 to March 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and March 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year ended March 31, 2019 and for the period from incorporation on January 9, 2018 to March 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

June 26, 2019

Magna Gold Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at March 31,	2019	2018
ASSETS		
Current assets		
Cash (note 4)	$ 1,620,930	$ 2,349,747
Funds held in escrow (note 6)	2,652,799	-
Prepaid expenses (note 9)	5,111	-
Total assets	$ 4,278,840	$ 2,349,747
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	$ 92,509	$ 37,428
Loan payable (note 10)	6,172	-
	98,681	37,428
Equity		
Share capital (note 6)	5,108,629	2,338,824
Contributed surplus (note 8)	15,008	-
Accumulated other comprehensive loss	(7,622)	-
Deficit	(935,856)	(26,505)
Total equity	4,180,159	2,312,319
Total equity and liabilities	$ 4,278,840	$ 2,349,747

Nature of operations (note 1)
Subsequent event (note 12)

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Approved on behalf of the Board of Directors:

/s/ "Arturo Bonillas"

Arturo Bonillas
Director

/s/ "Alex Tsakumis"

Alex Tsakumis
Director

Magna Gold Corp.
Consolidated Statements of Net Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended March 31, 2019	From January 9, 2018 (Date of Incorporation) to March 31, 2018
Expenses		
Investigation costs (note 9)	$ 359,195	$ -
Share-based compensation (notes 8 and 9)	15,008	-
Professional fees	184,516	18,930
Reporting issuer costs	67,787	7,290
Administrative	196,133	285
VAT expense	76,034	-
Foreign exchange	10,678	-
Net loss for the period	909,351	26,505
Other comprehensive items		
Foreign exchange loss	7,622	-
Net loss and comprehensive loss for the period	$ 916,973	$ 26,505
Basic and diluted net loss per share (note 7)	$ 0.04	$ 0.01
Weighted average number of common shares outstanding	20,783,087	3,102,592

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Magna Gold Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Contributed Surplus	Accumulated other Comprehensive Loss	Deficit	Total
Balance, January 9, 2018 (date of incorporation)	**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Private placements (note 6)	25,075,000	2,372,500	-	-	-	2,372,500
Share issue costs	-	(33,676)	-	-	-	(33,676)
Net loss and comprehensive loss for the period	-	-	-	-	(26,505)	(26,505)
Balance, March 31, 2018	**25,075,000**	**2,338,824**	**-**	**-**	**(26,505)**	**2,312,319**
Initial public offering (note 6)	2,000,000	200,000	-	-	-	200,000
Private placement (note 6)	8,338,184	2,668,219	-	-	-	2,668,219
Share issue costs (note 6)	-	(98,414)	-	-	-	(98,414)
Stock-based compensation (note 8)	-	-	15,008	-	-	15,008
Net loss and comprehensive loss for the year	-	-	-	(7,622)	(909,351)	(916,973)
Balance, March 31, 2019	**35,413,184**	**$ 5,108,629**	**$ 15,008**	**$ (7,622)**	**$ (935,856)**	**$ 4,180,159**

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Magna Gold Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended March 31, 2019	From January 9, 2018 (Date of Incorporation) to March 31, 2018
Operating activities		
Net loss for the period	**$ (909,351)**	$ (26,505)
Adjustment for:		
Share-based compensation	**15,008**	-
Non-cash working capital items:		
Funds in escrow	**(2,652,799)**	-
Prepaid expenses	**(5,111)**	-
Accounts payable and other liabilities	**55,081**	3,752
Net cash used in operating activities	**(3,497,172)**	(22,753)
Financing activities		
Private placements	**2,868,219**	2,372,500
Share issue costs	**(98,414)**	-
Net cash provided by financing activities	**2,769,805**	2,372,500
Investing activities		
Loan payable	**6,172**	-
Net cash provided by investing activities	**6,172**	-
Effect of exchange rate changes on cash held in foreign currency	**(7,622)**	-
Net change in cash	**(728,817)**	2,349,747
Cash, beginning of the period	**2,349,747**	-
Cash, end of the period	**$ 1,620,930**	$ 2,349,747
Supplemental cash flow information		
Income taxes paid	**$ -**	$ -
Interest paid	**-**	-
Supplemental cash flow information	**$ -**	$ -

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

1. Nature of operations

Magna Gold Corp. ("the Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on January 9, 2018. The Company intends to carry on business as a “Capital Pool Corporation” (“CPC”), as such term is defined in TSX Venture Exchange Inc. (the “Exchange”) Policy 2.4 - Capital Pool Companies ("Policy 2.4"). As at March 31, 2019, the Company has no business operations and has not entered into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company’s registered head office address is 82 Richmond St East, Suite 205, Toronto, Ontario, M5C 1P1.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under Exchange Policy 2.4, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or delist the Company’s shares from trading should it not meet these requirements. The financial statements were approved by the board of directors on June 26, 2019.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), adopted by the International Accounting Standards Board (“IASB”) and the interpretations issued by the IFRS Interpretations Committee ("IFRIC").

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL") or other comprehensive income ("FVTOCI"), which are stated at fair value. The accounting policies have been applied consistently throughout the entire period presented in these consolidated financial statements. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Functional and presentation currency

On August 28, 2018, Arturo Bonillas, a corporate officer of the Company assigned 98 shares of Minera Magna, S.A.De C.V. (and a non-related party transferred 1 share) to the Company. As a result, Minera Magna, S.A. De C.V. is a wholly owned subsidiary of the Company and is consolidated within these financial statements. The functional currency of the subsidiary is the Mexican Peso.

The functional currency of the parent company is the Canadian dollar and the Mexican Peso for its subsidiary, as determined by management. The Canadian dollar is the currency in which it presents these consolidated financial statements. The Company recognizes transactions in currencies other than the Canadian dollar (foreign currencies) at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of reporting period exchange rates are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Significant accounting policies (continued)

(c) Functional and presentation currency (continued)

The results and financial position of all of the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position date presented are translated at the closing rate at the date of that statement of financial position;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognised in other comprehensive income (loss).

(d) Cash

Cash includes cash on hand with a Canadian chartered bank, or held in trust by the Company's legal counsel.

(e) Financial instruments

Recognition

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company’s credit risk.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consists of cash and funds held in escrow, which are classified and subsequently measured at amortized cost. The Company's financial liabilities consist of accounts payable and other liabilities and loan payable, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

(f) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

For equity-settled share-based payment transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably, in which case, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The fair value of broker warrants are valued using the Black-Scholes option pricing model and are recorded in the broker warrants reserve. If and when the warrants are exercised, the applicable fair value of the broker warrant reserve is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the applicable fair value is transferred to deficit.

2. Significant accounting policies (continued)

(g) Income taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares, except where the effect of including those dilutive instruments would be ant-dilutive. Common shares which are contingently returnable are not included in the calculation.

(i) Share issuance costs

Professional fees, consulting fees and other costs that are directly attributable to financing transactions are charged to share capital when the related shares are issued.

(j) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

- the provision for income taxes which is included in the consolidated statements of net loss and comprehensive loss and recognition of deferred income tax assets and liabilities included in the consolidated statements of financial position.

2. Significant accounting policies (continued)

(k) Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. In the current circumstances, it does not expect any of these to have a material impact on the consolidated financial statements.

3. Capital risk management

The Company includes equity, comprised of issued share capital, contributed surplus, accumulated other comprehensive loss and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its activities relating to identifying and evaluating qualifying transactions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and completion of the Qualifying Transaction.

There has been no change with respect to the overall capital risk management strategy during the period ended March 31, 2019. The Company is not subject to externally imposed capital requirements other than the cash restriction disclosed in note 4.

4. Cash restrictions

Pursuant to the polices of the Exchange, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of the Qualifying Transaction by the Company as defined under the policies of the Exchange. The Company has exceeded this limit at March 31, 2019 and the outcome of this is unknown.

5. Financial instruments and risk factors

The carrying values of the Company's financial instruments, consisting of cash, funds held in escrow, accounts payable and other liabilities and loan payable, approximate their fair values due to the relatively short term maturities of the instruments. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

As at March 31, 2019, the Company had working capital of $4,180,159 and is not exposed to any significant liquidity risk.

The Company holds balances in foreign currencies which creates foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rates against the Canadian Dollar would have affected the reported loss and comprehensive loss by approximately $12,000.

6. Share capital

a) Authorized share capital

At March 31, 2018 and 2019, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

(1) On February 23, 2018, the Company issued an aggregate of 2,700,000 seed common shares at a price of $0.05 per share for gross cash proceeds of $135,000.

(2) On February 26, 27, 28, 2018, the Company issued an aggregate of 2,825,000, 1,000,000 and 8,350,000 common shares at a price of $0.10 per share for gross cash proceeds of $1,217,500.

(3) On March 26, 2018, the Company issued an aggregate of 10,200,000 common shares at a price of $0.10 per share for gross cash proceeds of $1,020,000.

(4) On August 15, 2018, the Company completed its initial public offering (the "Offering") of 2,000,000 common shares at a purchase price of $0.10 per common shares for aggregate gross proceeds of $200,000. M Partners Inc. (the "Agent") acted as agent for the initial public offering. In connection with the Offering, the Agent received a cash commission equal to 10% of the aggregate gross proceeds from the sale of the common shares and was paid for legal expense, a corporate finance fee and other disbursements totalling $83,339.

(5) On February 27, 2019 and March 13, 2019, the Company completed a non-brokered private placement of common shares at a price of $0.32 per common share comprising the concurrent financing (the "Concurrent Financing") to the Company's proposed qualifying transaction (the "Proposed Transaction"). The Concurrent Financing consisted of the sale of 8,338,184 common shares for gross proceeds of $2,668,219. The common shares issued pursuant to the Concurrent Financing are subject to a four month and one day statutory hold period. Share issue costs of $15,075 were incurred in connection with this private placement. Net proceeds of $2,652,799 were held in escrow as at March 31, 2019.

(6) As of March 31, 2019, the Company had 6,250,000 common shares held in escrow

7. Net loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2019 was based on the loss attributable to common shareholders of $909,351 and the weighted average number of common shares outstanding of 20,783,087, which excludes 6,250,000 common shares held in escrow. Stock options were excluded as they were anti-dilutive.

The calculation of basic and diluted loss per share from January 9, 2018 (date of incorporation) to March 31, 2018 was based on the loss attributable to common shareholders of $26,505 and the weighted average number of common shares outstanding of 3,102,592.

(Expressed in Canadian Dollars)

8. Stock options

The following table reflects the continuity of stock options for the year ended March 31, 2019:

	Number of stock options	Weighted average exercise price ($)
Balance, January 8, 2018 and March 31, 2018	-	0.00
Issued	200,000	0.10
Balance, March 31, 2019	200,000	0.10

The following table reflects the actual stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
August 15, 2023	0.10	4.38	200,000	200,000	-

On August 15, 2018, the Company granted options to one director to purchase 200,000 common shares. The options are exercisable at $0.10 per share and expire on August 15, 2023. The options vest immediately. The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield 0%; (ii) expected volatility of 100%; (iii) risk-free interest rate of 2.16%; (iv) expected life of 5 years; and (v) stock price input of $0.10. The fair market value was determined to be $15,008. For the year ended March 31, 2019, $15,008 was expensed as share-based compensation. The Company has assumed no forfeiture rate. The weighted average grant date fair value of the options issued is $0.07504 per option.

9. Related party transactions

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and other members of key management personnel, were as follows:

(a) During the year ended March 31, 2019, travel expenses of $63,820 were incurred by Arturo Bonillas, a corporate officer of the Company, in order to identify and evaluate assets or businesses with a view to completing a Qualifying Transaction in accordance with Policy 2.4 section 8.2(b). These expenses were included in investigation costs in the consolidated statements of net loss and comprehensive loss.

(b) Advances of $3,473 were provided to Arturo Bonillas which were included in prepaid expenses as at March 31, 2019.

(c) During the year ended March 31, 2019 (March 31, 2018 - $nil), share-based compensation of $15,008 was attributed to Arturo Bonillas, a corporate officer of the Company. Other than share-based payments, compensation to officers and directors is strictly prohibited.

(Expressed in Canadian Dollars)

10. Proposed Transaction

On June 6, 2019 (the "Closing Date"), the Company completed its Qualifying Transaction pursuant to TSX Venture Exchange Policy 2.4 – Capital Pool Companies, consisting of an arm's length option agreement dated September 25, 2018 (the "Effective Date") with Beatriz Delia Yepiz Fong (the "Seller"), an individual resident in the Sonora State of Mexico, pursuant to which the Company will acquire from the Seller an option ("Option") to acquire a 100% undivided interest in two mining claims (the "Mercedes Property") located in the municipality of Yecora, Sonora, Mexica, for a four-year period. In consideration of the grant of the Option, Magna: (i) pay to the Seller an aggregate of USD$1,340,000 plus VAT of 16%, paid in installments comprised of one USD$50,000 payment on the later of the Closing Date and the sixth month from the Effective date, thirty-six monthly payments of USD$15,000 starting on the twelfth month from the Effective Date, and one USD$750,000 payment on the forty-eighth month from the Effective Date; (ii) issue to the Seller a 3% net smelter returns ("NSR"), capped at USD$3,500,000 and subject to the right of the Company to acquire all 3 percentage points of the NSR at a price of USD$500,000 per percentage point, within the first three (3) years of commercial production of the Mercedes Property; and (iii) issue 2,442,105 common shares ("Common Shares") of the Company to the Seller (the "Consideration Shares"). As of the date hereof, the Company has made the first payment to the Seller and issued the Consideration Shares. The Mercedes Property consists of two contiguous claims covering an aggregate area of approximately 345 hectares located approximately 250 kilometers east-southeast along the Federal Highway 16 from the state capital, Hermosillo.

In addition, as a result of the Proposed Transaction, the Company consented to an unrelated party providing a loan to the Mercedes Property landowner in the amount of USD$160,000 plus VAT (USD$25,600), bearing no interest, resulting from the Mercedes Property landowner requiring funds. The loan proceeds were received by the Company during the period and the Company is obligated to disburse the funds to the Mercedes Property landowner on behalf of the unrelated party. As at March 31, 2019, the remaining loan payable was USD$4,652 ($6,172).

11. Income tax

Provision for income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the combined federal and provincial statutory rate of 27.0% (March 31, 2018 - 27.0%) to the net loss for the period. The reason for the difference is as follows:

	Year Ended March 31, 2019	From January 9, 2018 (Date of Incorporation) to March 31, 2018
Recovery of income taxes based on statutory rate	$ 225,000	$ 7,100
Change in foreign tax	17,000	-
Permanent differences	(4,000)	-
Share issue costs	27,000	1,900
Change in deferred tax assets not recognized	(265,000)	(9,000)
	$ -	$ -

(Expressed in Canadian Dollars)

11. Income tax (continued)

Deferred income tax balances

The components of the Company's deferred income tax assets are a result of the origination and reversal of temporary differences and are comprised of the following:

	March 31, 2019	March 31, 2018
Non-capital loss carryforwards	$ 254,000	$ 9,000
Share issue costs	27,000	7,300
Deferred tax assets not recognized	(281,000)	(16,300)
	$ -	$ -

Tax loss

As at March 31, 2019, the Company has non-capital losses for income tax purposes of approximately $881,000 to offset future taxable income. If not utilized, the non-capital losses will expire as follows:

2038	$ 33,000	Canada
2039	298,000	Canada
2029	550,000	Mexico
	$ 881,000	

12. Subsequent events

(a) On June 6, 2019 the Company completed its Qualifying Transaction, consisting of the property option agreement dated September 25, 2018 pursuant to which the Company will acquire a 100% interest in the Mercedes Property in Yécora, Mexico.

(b) On May 27, 2019, the Company announced the appointment of Carmelo Marrelli as CFO of the Company as of June 6, 2019, replacing Arturo Bonillas. The Company also entered into a consulting agreement, effective as of June 6, 2019, with Mr. Marrelli, pursuant to which the Company has agreed to pay Mr. Marrelli $1,500, plus disbursements, per month for the consulting services. The Company also entered into employments agreements, effective as of June 6, 2019 with (i) Arturo Bonillas to perform the services of president and CEO of the Company, pursuant to which he shall receive a base salary of $240,000 per annum, with eligibility to receive an annual bonus of up to 50% of his base salary; and (ii) Miguel Soto to perform the services of Vice-President, Exploration, pursuant to which he shall receive a base salary of $150,000 per annum, with eligibility to receive an annual bonus of up to 50% of his base salary.

(c) On June 6, 2019, the Company entered into a letter of intent agreement with Medalist Capital Ltd. to acquire 100% interest in Las Marias Property and Las Cabanas mineral claims (the “Las Marias/Las Cabanas Transaction”). Las Marias Property consists of 7 mining concessions covering 646 hectares adjacent to the Mercedes Property and Las Cabanas consists of 2 claims covering 248 hectares located approximately 10 km south-west of the Mercedes Property. The total purchase price for the new mineral concessions and other rights will be of $250,000 and the issuance of 1,000,000 common shares of the Corporation. The Las Marias/Las Cabanas Transaction is subject to exchange approval.

(d) On June 11, 2019, the Company announced that it has entered into a shares-for-services agreement (the "Agreement") with VRIFY Technology Inc. ("VRIFY") pursuant to the provisions of Exchange Policy 4.3. Pursuant to the Agreement, VRIFY, which provides technology services (the "Services") to the Company, will receive its fees by way of the issuance of common shares (the "Shares") of the Company. The Shares will be issued at a deemed price per Share equal to the Discounted Market Price (as defined in Exchange policies) of the Shares as traded on the Exchange on the first trading date following the date the Services are provided to the Company.