
**MAGNA GOLD CORP.
CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Magna Gold Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Magna Gold Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	December 31, 2019	March 31, 2019
ASSETS		
Current assets		
Cash	\$ 992,946	\$ 1,620,930
Funds held in escrow	-	2,652,799
Receivables and other assets (note 3)	74,091	5,111
Total assets	\$ 1,067,037	\$ 4,278,840
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	\$ 76,180	\$ 92,509
Loan payable (note 8)	-	6,172
	76,180	98,681
Equity		
Share capital (note 4)	6,225,131	5,108,629
Contributed surplus (note 6)	15,008	15,008
Accumulated other comprehensive loss	(14,697)	(7,622)
Deficit	(5,234,585)	(935,856)
Total equity	990,857	4,180,159
Total equity and liabilities	\$ 1,067,037	\$ 4,278,840

Nature of operations (note 1)
Commitments (note 9)
Subsequent event (note 10)

The accompanying notes to the unaudited condensed interim 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.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss (Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Expenses				
Exploration and evaluation (note 8)	\$ 502,151	\$ -	\$ 2,241,791	\$ -
Professional fees	26,346	41,436	583,129	134,613
Administrative	210,228	72,484	436,130	132,332
VAT expense	136,755	-	304,158	-
Investigation costs	238,545	143,506	378,047	270,760
Business development	72,962	-	160,324	-
Consulting	61,687	-	81,687	-
Reporting issuer costs	10,784	12,101	75,271	47,077
Share-based compensation	-	-	37,225	15,008
Foreign exchange (gain) loss	(39,984)	9,614	967	9,166
Net loss for the period	1,219,474	279,141	4,298,729	608,956
Other comprehensive items				
Foreign exchange loss	28,751	8,407	7,075	13,454
Net loss and comprehensive loss for the period	\$ 1,248,225	\$ 287,548	\$ 4,305,804	\$ 622,410
Basic and diluted net loss per share (note 5)	\$ 0.03	\$ 0.01	\$ 0.11	\$ 0.03
Weighted average number of common shares outstanding	39,181,829	20,825,000	37,999,268	19,828,636

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

Magna Gold Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Number of common shares	Share capital	Contributed Surplus	Accumulated other Comprehensive Loss	Deficit	Total
Balance, March 31, 2018	25,075,000	\$ 2,338,824	\$ -	\$ -	\$ (26,505)	\$ 2,312,319
Private placements (note 4(b)(iv))	2,000,000	200,000	-	-	-	200,000
Share issue costs	-	(83,339)	-	-	-	(83,339)
Stock-based compensation (note 6)	-	-	15,008	-	-	15,008
Net loss and comprehensive loss for the period	-	-	-	(13,454)	(608,956)	(622,410)
Balance, December 31, 2018	27,075,000	\$ 2,455,485	\$ 15,008	\$ (13,454)	\$ (635,461)	\$ 1,821,578
Balance, March 31, 2019	35,413,184	\$ 5,108,629	\$ 15,008	\$ (7,622)	\$ (935,856)	\$ 4,180,159
Shares issued for the Mercedes Property (note 8)	2,442,105	732,632	-	-	-	732,632
Shares issued for Las Marias property (note 8)	1,000,000	279,700	-	-	-	279,700
Shares for services (note 4(b)(ii))	99,502	25,000	-	-	-	25,000
Exercise of stock options (note 6)	250,000	87,210	(37,225)	-	-	49,985
Stock-based compensation (note 6)	-	-	37,225	-	-	37,225
Share issue costs	-	(8,040)	-	-	-	(8,040)
Net loss and comprehensive loss for the period	-	-	-	(7,075)	(4,298,729)	(4,305,804)
Balance, December 31, 2019	39,204,791	\$ 6,225,131	\$ 15,008	\$ (14,697)	\$ (5,234,585)	\$ 990,857

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

Magna Gold Corp.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Nine months ended December 31,	2019	2018
Operating activities		
Net loss for the period	\$ (4,298,729)	\$ (608,956)
Adjustment for:		
Share-based compensation (note 6)	37,225	15,008
Exploration costs	1,012,332	-
Shares for services	25,000	-
Non-cash working capital items:		
Funds in escrow	2,652,799	-
VAT receivable	-	(57,071)
Receivables and other assets	(68,980)	(5,078)
Accounts payable and other liabilities	(16,329)	39,606
Net cash used in operating activities	(656,682)	(616,491)
Financing activities		
Issue of securities	-	200,000
Exercise of stock options	49,985	-
Share issue costs	(8,040)	(83,339)
Net cash provided by financing activities	41,945	116,661
Investing activities		
Loan payable	(6,172)	13,181
Net cash (used in) provided by investing activities	(6,172)	13,181
Effect of exchange rate changes on cash held in foreign currency	(7,075)	(13,515)
Net change in cash	(627,984)	(500,164)
Cash, beginning of the period	1,620,930	2,349,747
Cash, end of the period	\$ 992,946	\$ 1,849,583
Supplemental cash flow information		
Income taxes paid	\$ -	\$ -
Interest paid	-	-
Supplemental cash flow information	\$ -	\$ -

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

Magna Gold Corp.

Notes to Condensed Interim Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

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. Its shares have been listed on the TSX Venture Exchange (the "Exchange") under the symbol MGR since June 10, 2019. In addition, the Company's shares also trade on the OTCQB Venture Market, a U.S. trading platform that is operated by OTC Markets Group in New York, under the symbol "MGLQF". The Company's registered head office address is The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On June 6, 2019, the Company completed its Qualifying Transaction, as defined in Exchange Policy 2.4 - Capital Pool Companies, consisting of the property option agreement dated September 25, 2018 pursuant to which the Company acquired a 100% interest in the Mercedes Property in Yécora, Mexico.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual consolidated financial statements required by IFRS as issued by the IASB.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on February 26, 2020.

The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended March 31, 2019, except as noted below.

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

3. Receivables and other assets

	December 31, 2019	March 31, 2019
Prepaid expenses	\$ 26,056	\$ 5,111
Sales tax receivable	48,035	-
	<u>\$ 74,091</u>	<u>\$ 5,111</u>

Magna Gold Corp.

Notes to Condensed Interim Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

4. Share capital

a) Authorized share capital

At December 31, 2019 and March 31, 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

2019

(i) Refer to note 8.

(ii) On October 22, 2019, 99,502 common shares were issued in accordance with the Agreement with VRIFY Technology Inc. ("VRIFY"). See note 9(b).

(iii) As of December 31, 2019, the Company had 4,921,875 (March 31, 2019 - 6,250,000) common shares and 150,000 (March 31, 2019 – 200,000) options to purchase common shares held in escrow.

2018

(iv) 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. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended December 31, 2019 was based on the loss attributable to common shareholders of \$1,219,474 and \$4,298,729, respectively (three and nine months ended December 31, 2018 - \$279,141 and \$608,956, respectively) and the weighted average number of common shares outstanding of 39,181,829 and 37,999,268, respectively (three and nine months ended December 31, 2018 - 20,825,000 and 19,828,636, respectively). Stock options were excluded as they were anti-dilutive.

Magna Gold Corp.

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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6. Stock options

The following table reflects the continuity of stock options for the periods then ended:

	Number of stock options	Weighted average exercise price (\$)
Balance, March 31, 2018	-	0.00
Granted ⁽¹⁾	200,000	0.10
Balance, December 31, 2018	200,000	0.10
Balance, March 31, 2019	200,000	0.10
Granted ⁽²⁾	250,000	0.20
Exercised	(250,000)	0.20
Balance, December 31, 2019	200,000	0.10

⁽¹⁾ 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%; and (iv) expected life of 5 years. The fair market value was determined to be \$15,008. For the three and nine months ended December 31, 2018, \$nil and \$15,008, respectively 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.

⁽²⁾ On August 6, 2019, Magna entered into a consulting agreement with S2K Capital Corp., (the "Consultant") pursuant to which Magna agreed to grant the Consultant 250,000 stock options, exercisable at \$0.20 and pay the Consultant \$50,000 for consulting services (the "Services") plus GST, for the performance by the Consultant of the Services, payable upon signing of the agreement. The Services include: Provide market consultation services to Magna; Evaluate business or investment opportunities; Identify potential institutional and retail investors; Provide access to Magna of the Consultants' database of investors; Assist the Company with digital marketing and social media; Arrange for the Company to meet with various newsletter writers when appropriate; Coordinate with management, including Chief Executive Officer ("CEO"), when reaching out to potential common investors; and to Provide a monthly report to the CEO. 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 1.21%; and (iv) expected life of 5 years. The fair market value was determined to be \$37,225. For the three and nine months ended December 31, 2019, \$nil and \$37,225, respectively 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 \$0.1489 per option.

On September 9, 2019, the Consultant provided notice of exercise and on September 13, 2019, the shares underlying the options were issued to the Consultant.

The following table reflects the actual stock options issued and outstanding as of December 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	3.62	200,000	200,000	-

Magna Gold Corp.

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December 31, 2019 and 2018

(Expressed in Canadian Dollars)

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7. 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 three and nine months ended December 31, 2019, travel expenses of \$nil and \$4,816, respectively (three and nine months ended December 31, 2018 - \$27,900 and \$44,504, respectively) 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 unaudited condensed interim consolidated statements of net loss and comprehensive loss.

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

(c) From June 6, 2019 to December 31, 2019, the Company incurred professional fees of \$14,628 and \$30,784, respectively to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer ("CFO") of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, Marrelli Support is owed \$6,819 and this amount is included in amounts payable and other liabilities.

(d) From June 6, 2019 to December 31, 2019, the Company incurred professional fees of \$3,586 and \$8,366, respectively to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, DSA is owed \$2,701 and this amount is included in amounts payable and other liabilities.

(e) From June 6, 2019 to December 31, 2019, the Company incurred professional fees of \$750 and \$1,500, respectively to DSA Filing Services Limited ("Filing"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for reporting issuer filing services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, Filing is owed \$509 and this amount is included in amounts payable and other liabilities.

(f) From June 6, 2019 to December 31, 2019, the Company incurred professional fees of \$3,712 and \$7,643, respectively to Marrelli Press Release Services Limited ("Press Release"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for press release services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, Press Release is owed \$1,953 and this amount is included in amounts payable and other liabilities.

Magna Gold Corp.

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December 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

7. Related party transactions (continued)

Key Management Personnel (continued)

(g) During the three and nine months ended December 31, 2019, share-based compensation of \$nil (three and nine months ended December 31, 2018 - \$nil and \$15,008, respectively) was attributed to Arturo Bonillas, a corporate officer of the Company.

(h) The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Salaries and benefits (*)	\$ 89,118	\$ -	\$ 197,447	\$ -

(*) The Board of Directors do not have employment or service contracts with the Company. There were no director fees accrued or paid during the three and nine months ended December 31, 2019. Salaries and benefits excludes fees paid to the CFO and companies he controls above for each period presented.

8. Exploration and evaluation

On June 6, 2019 (the "Closing Date"), the Company completed its Qualifying Transaction pursuant to 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 acquired 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, Mexico, for a four-year period. In consideration of the grant of the Option, Magna will: (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, and 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") (valued at \$732,632). 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 Qualifying 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 December 31, 2019, the remaining loan payable was \$nil (March 31, 2019 - USD\$4,652 (\$6,172))

On August 16, 2019, the Company announced that it has closed the acquisition of the Las Marias property (the "Las Marias Property"), which consists of 7 mining concessions covering 646 hectares adjacent to the Mercedes Property, and the Las Cabanas mineral claims (the "Las Cabanas Property", and together with the Las Marias Property, the "Claims"), which consists of 2 claims covering 248 hectares located approximately 10 km south-west of the Mercedes Property. The total purchase price for the Claims consisted of: (i) \$250,000; and (ii) 1,000,000 common shares (valued at \$279,700) of the Company.

Magna Gold Corp.**Notes to Condensed Interim Consolidated Financial Statements****December 31, 2019 and 2018****(Expressed in Canadian Dollars)****(Unaudited)**

8. Exploration and evaluation (continued)

The Company is in the exploration stage with respect to its investment in mineral properties and follows the practice of expensing all costs relating to the acquisition and exploration of mineral rights. Such costs include, among others, geological, geophysical studies, exploratory drilling and sampling, feasibility studies and technical reports.

A summary of explorations costs is summarized below:

Nine months ended December 31,	2019	2018
<u>Mercedes Property</u>		
Geological costs	\$ 868,486	\$ -
Acquisition costs	839,863	-
Sampling	152,390	-
Administrative	42,434	-
Rental	16,740	-
Environmental	15,266	-
Professional fees	11,646	-
	\$ 1,946,825	\$ -
<u>Las Marias property</u>		
Acquisition costs	\$ 279,700	\$ -
Environmental	15,266	-
	\$ 294,966	\$ -
	\$ 2,241,791	\$ -
<u>Three months ended December 31,</u>		
	2019	2018
<u>Mercedes Property</u>		
Geological costs	\$ 405,580	\$ -
Sampling	43,570	-
Acquisition costs	39,683	-
Administrative	12,845	-
Professional fees	3,430	-
Rental	(2,915)	-
Environmental	(21)	-
	\$ 502,172	\$ -
<u>Las Marias property</u>		
Environmental	\$ (21)	\$ -
	\$ 502,151	\$ -

Magna Gold Corp.

Notes to Condensed Interim Consolidated Financial Statements

December 31, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

9. Commitments

(a) 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, 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.

(b) On June 11, 2019, the Company announced that it has entered into a shares-for-services agreement (the "Agreement") with 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.

10. Subsequent event

On January 9, 2020, the Company announced it has entered into an exploration and option to purchase agreement (the "Agreement") dated January 6, 2020, with Ricardo Estanislao Carranza Leon, Maria del Rosario Mendivil Bejarano and Ernesto Villaescusa Cordova (the "Concessionaires"), individuals resident in the Sonora State of Mexico, pursuant to which the Company has acquired the option (the "Option") to acquire a 100% undivided interest of two mining claims (the "San Judas Project") located in the municipality of Trincheras, Sonora, Mexico, for a five-year period (the "Transaction"). The transaction is an Exempt Transaction under the policies of the Exchange and consequently, approval of the Exchange is not required.

In consideration of the grant of the Option, the Company will (i) pay to the Concessionaires an aggregate of USD\$1,680,000 plus VAT of 16%, paid in installments commencing on the effective date of the Agreement (the "Effective Date") and ending on the 60th month from the Effective Date; and (ii) issue to the Concessionaires a 1.5% net smelter returns ("NSR"), capped at USD\$1,500,000 and subject to the right of the Corporation to acquire all 1.5 percentage points of the NSR at a price of USD\$500,000 per half (1/2) percentage point, at any time.