

---

**MAGNA GOLD CORP.  
(A CAPITAL POOL COMPANY)  
CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS  
THREE AND SIX MONTHS ENDED  
SEPTEMBER 30, 2018  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

---

# Magna Gold Corp.

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

	As at September 30, 2018	As at March 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 3)	\$ 2,226,534	\$ -
Funds in trust (note 3)	135,464	2,349,747
VAT receivable	2,512	-
Prepaid expenses	2,944	-
<b>Total assets</b>	<b>\$ 2,367,454</b>	<b>\$ 2,349,747</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities (note 7)	\$ 58,556	\$ 37,428
Loan payable (note 8)	199,772	-
	<b>258,328</b>	<b>37,428</b>
<b>Equity</b>		
Share capital (note 4)	2,455,485	2,338,824
Contributed surplus	15,008	-
Accumulated other comprehensive loss	(5,047)	-
Deficit	(356,320)	(26,505)
<b>Total equity</b>	<b>2,109,126</b>	<b>2,312,319</b>
<b>Total equity and liabilities</b>	<b>\$ 2,367,454</b>	<b>\$ 2,349,747</b>

Nature of operations (note 1)  
Subsequent event (note 8)

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 September 30, 2018	Six Months ended September 30, 2018
<b>Expenses</b>		
Investigation costs (note 7)	\$ 46,747	\$ 127,254
Share-based compensation (note 6)	15,008	15,008
Professional fees	51,179	93,177
Reporting issuer costs	16,044	34,976
Administrative	59,560	59,848
Foreign exchange	(448)	(448)
<b>Net loss for the period</b>	<b>188,090</b>	<b>329,815</b>
<b>Other comprehensive items</b>		
Foreign exchange loss	5,047	5,047
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 193,137</b>	<b>\$ 334,862</b>
<b>Basic and diluted net loss per share (note 5)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>	<b>19,825,000</b>	<b>19,327,732</b>

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
<b>Balance, January 9, 2018 (date of incorporation)</b>	-	\$ -	\$ -	\$ -	\$ -	\$ -
Private placements (note 4)	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)
<b>Balance, March 31, 2018</b>	<b>25,075,000</b>	<b>2,338,824</b>	-	-	<b>(26,505)</b>	<b>2,312,319</b>
Private placements (note 4)	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	-	-	-	(5,047)	(329,815)	(334,862)
<b>Balance, September 30, 2018</b>	<b>27,075,000</b>	<b>\$ 2,455,485</b>	<b>\$ 15,008</b>	<b>\$ (5,047)</b>	<b>\$ (356,320)</b>	<b>\$ 2,109,126</b>

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)****Six Months Ended September 30, 2018**

---

**Operating activities**

Net loss for the period \$ (329,815)

Adjustment for:

Share-based compensation (note 6) 15,008

Non-cash working capital items:

VAT receivable (2,464)

Prepaid expenses (2,904)

Accounts payable and other liabilities 20,966

---

**Net cash used in operating activities (299,209)**

---

**Financing activities**

Issue of securities (note 4) 200,000

Cost of issue (83,339)

---

**Net cash provided by financing activities 116,661**

---

**Investing activity**

Loan payable (note 8) 195,928

---

**Net cash provided by investing activities 195,928**

---

**Net change in cash 13,380****Effect of exchange rate changes on cash held in foreign currency (1,129)****Cash, beginning of the period 2,349,747**

---

**Cash, end of the period \$ 2,361,998**

---

**Cash consists of:**

Cash \$ 2,226,534

Funds in trust 135,464

---

**\$ 2,361,998**

---

**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

September 30, 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. The Company will 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 September 30, 2018, 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 390 Bay Street, Suite 806, Toronto, Ontario, M5H 2Y2.

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.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on November 12, 2018.

### 2. Significant accounting policies

#### *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim financial statements, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, these unaudited condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year end reporting purposes.

#### *Basis of presentation*

The accounting policies and methods applied by the Company in these unaudited condensed interim financial statements are the same as those applied by the Company in its most recent financial statements as at March 31, 2018 and for the period from January 9, 2018 (date of incorporation) to March 31, 2018.

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 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 unaudited condensed interim financial statements.

---

# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 3. Cash restrictions

Pursuant to the policies 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 September 30, 2018 and the outcome of this is unknown.

### 4. Share capital

#### a) Authorized share capital

At September 30, 2018, 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) As of September 30, 2018, the Company had 6,250,000 common shares held in escrow.

### 5. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended September 30, 2018 was based on the loss attributable to common shareholders of \$188,090 and \$329,815, respectively and the weighted average number of common shares outstanding of 19,825,000 and 19,327,732, respectively.

---

## Magna Gold Corp.

### Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

#### 6. Stock options

The following table reflects the continuity of stock options for the period ended September 30, 2018:

	Number of stock options	Weighted average exercise price (\$)
Balance, March 31, 2018	-	0.00
Issued	200,000	0.10
Balance, September 30, 2018	200,000	0.10

The following table reflects the actual stock options issued and outstanding as of September 30, 2018:

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	4.88	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%; and (iv) expected life of 5 years. The fair market value was determined to be \$15,008. For the three and six months ended September 30, 2018, \$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.

#### 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, not disclosed elsewhere, were as follows:

(a) During the three months and six ended September 30, 2018, travel expenses of \$2,092 and \$16,604, 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 condensed interim statements of net loss and comprehensive loss.

(b) As at September 30, 2018, \$8,432 (March 31, 2018 - \$nil) was owed to Arturo Bonillas, a corporate officer of the Company. These advances were included in accounts payable and other liabilities.

(c) During the three and six months ended September 30, 2018, 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.



---

# Magna Gold Corp.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 8. Subsequent event

On October 11, 2018, the Company announced that it had entered into 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 (the "Proposed Transaction") 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 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) conditional on obtaining approval of the TSX Venture Exchange ("Exchange") of the Proposed Transaction, issue 2,442,105 common shares ("Common Shares") of the Company to the Seller. The 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. Subject to regulatory approval, the Proposed Transaction is expected to constitute the Company's Qualifying Transaction pursuant to TSX Venture Exchange Policy 2.4 – Capital Pool Companies.

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. During the period, the Company disbursed USD\$32,647 and the remaining loan payable as at September 30, 2018 was USD\$152,953 (\$199,772).