MAGNA GOLD CORP.

NI 43-101 TECHNICAL REPORT
INITIAL MINERAL RESOURCE ESTIMATE
FOR THE
MARGARITA SILVER PROJECT
CHIHUAHUA, MÉXICO

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Table of Contents

Page

Page

Page

List of Tables

Page

List of Figures

Page

1.0 SUMMARY

1.1 GENERAL

At the request of Magna Gold Corp. (Magna), Micon International Limited (Micon) has prepared an initial mineral resource estimate for the Margarita Silver Project (Margarita Project or the Project) in the State of Chihuahua (Chihuahua), México and has compiled this Canadian National Instrument (NI) 43-101 Technical Report disclosing the results of the initial resource estimate.

For compiling the mineral resource estimate, the Qualified Persons (QPs) used the following guidelines:

1. The CIM Definitions and Standards for Mineral Resources and Reserves, adopted by the CIM council on May 10, 2014.
2. The CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, adopted by the CIM Council on November 29, 2019.

This report discloses technical information, the presentation of which requires the Qualified Persons (QPs) to derive sub-totals, totals and weighted averages that inherently involve a degree of rounding and, consequently, introduce a margin of error. Where these occur, the QPs do not consider them to be material.

The conclusions and recommendations in this report reflect the QPs best independent judgment in light of the information available to them at the time of writing. Micon and the QPs reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

This report is intended to be used by Magna subject to the terms and conditions of its agreement with Micon. That agreement permits Magna to file this report as a Technical Report on SEDAR (www.sedar.com) pursuant to provincial securities legislation or with the SEC in the United States. Except for the purposes legislated under provincial securities laws, any other use of this report, by any third party, is at that party's sole risk.

Neither Micon nor the QPs have, nor have they previously had, any material interest in Magna or related entities. The relationship with Magna is solely a professional association between the client and the independent consultants. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Micon and the QPs are pleased to acknowledge the helpful cooperation of Magna's management and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material.

The contents of this report supersede and replace all prior Technical Reports written for the Margarita Project.

1.2 PROPERTY LOCATION, DESCRIPTION AND OWNERSHIP

The Margarita property is located in the Municipality of Satevó, in Northern México, in the south-central part of the State of Chihuahua. The property is situated approximately 90 km southeast of the city of Cuauhtémoc and 120 km southwest of the city of Chihuahua, the state capital.

The Margarita property is located on the Instituto Nacional de Estadística Geografía e Informática (INEGI) G13-A25, Pahuirachi 1:50,000 scale topographic map, and in the G13-1, San Juanito 1:250,000 scale topographic sheet. The coordinate systems used in this report are geographic coordinates and Universal Transverse Mercator (UTM) Zone 13, WGS-84 Datum.

The Margarita property is roughly centred on geographic coordinates 27° 38' 31" N and -106° 30' 10" W and the UTM WGS-84 coordinates are 351,740 mE and 3,058,460 mN.

On November 10, 2020, Magna announced that it and Molimentales del Noroeste, S.A. de C.V. (Molimentales), a subsidiary of the Company, had entered into a definitive option acquisition agreement with Sable Resources Ltd. (Sable) and Exploraciones Sable, S. de R.L. de C.V. (Exploraciones Sable), a wholly-owned subsidiary of Sable, to acquire its option to acquire a 100% undivided interest in the mining concessions comprising the Margarita Silver Project. The Margarita property is comprised of two mining concessions, covering 125.625 hectares, located within the Sierra Madre Gold Belt, which hosts numerous multimillion-ounce gold-silver deposits. The Property lies 15 km northwest on strike with Gatos Silver Inc's. (Gatos Silver, formerly Sunshine Silver Mining and Refining Corporation) Los Gatos Mine.

On November 19, 2020, Magna announced that it and Molimentales had closed the acquisition of the option to acquire a 100% undivided interest in the mining concessions comprising the Margarita Project, pursuant to a definitive option acquisition agreement Sable and Exploraciones Sable. Immediately following the acquisition, Molimentales exercised the option to acquire the property.

Concurrent with the option exercise, and in accordance with the terms of an amended and restated royalty purchase agreement dated October 13, 2020 between Osisko Gold Royalties Ltd (Osisko), Sable, Exploraciones Sable and certain affiliates of Sable and Exploraciones Sable, Magna and Molimentales entered into a royalty agreement with Osisko, pursuant to which the Molimentales will pay Osisko a 2% net smelter return royalty on all products mined and produced from the property.

In this report, the term Margarita Project refers to the area within the concessions that contains the mineral resource discussed herein, while the term Margarita property (the property) refers to the entire land package of mineral concessions under Magna's control.

1.3 ACCESSIBILITY, CLIMATE, PHYSIOGRAPHY, LOCAL RESOURCES AND INFRASTRUCTURE

1.3.1 Accessibility

The Margarita Project is located in the Municipality of Satevó, in Northern México, in the southern-central part of the State of Chihuahua. The property is situated approximately 90 km southeast in a straight line from the city of Cuauhtémoc and 120 km southwest of the city of Chihuahua, the state capital.

Access to the property is good with year-round and unrestricted access provided by a network of Federal-State highways and well-maintained gravel roads, as well as local ranch roads connecting the various areas of the property.

The journey by highways and dirt roads takes approximately three hours to complete the distance of 171 km from Chihuahua City or two and a half hours to complete the distance of 143 km from Cuauhtémoc City.

1.3.2 Climate and Vegetation

The climate is classified as being desert to semi-desert, with a mean annual precipitation of 235 mm, concentrated in the months of July, August, and September, with smaller amounts of precipitation in early winter. The region has a slightly milder climate in the summer, with daytime June temperatures in the range of 35°C to 40°C, and cool or cold winters with occasional frost. The climate is conducive for year-round mining operations.

Cacti, greasewood, occasional mesquites, low bushes and thorny shrub plants comprise most of the sparce vegetation in the low-lands, except after summer rains when grasses and wildflowers briefly flourish. In high lands, pines, oyamel and ocote trees dominate the area. Wildlife includes insects, lizards, and snakes. Mammals include raccoons, rabbits, squirrels, skunks and tlacuaches (Mexican opossums), turkeys and deer. Hawks, quails, woodpeckers, sparrows and doves are common birds.

1.3.3 Physiography

The Margarita property lies within the Sierra Madre Occidental, in a region known as Gran Meseta y Cañones Chihuahuenses. The general physiography of the Margarita Project is characterized by low to moderate rolling hills, with local escarpments and flat valley floors. Altitudes vary between 2,000 m and 2,200 m above sea level.

1.3.4 Local Resources

Contract labour is available from the local villages and towns throughout the area. The city of Chihuahua is the largest population centre in the region and is a major industrial and mining centre which provides good support to surrounding industries. Professional, technical and manual labour is readily available in both Chihuahua and Cuauhtémoc, including an ample base of service providers. Northern México, and México itself, has a well-established mining industry and network of related vendors.

1.3.5 Infrastructure

The Margarita Project is located within a region of moderate to well established infrastructure. The property area is well serviced with road access, power and water supplies, skilled and semi-skilled local labour. Surrounding cities are capable of providing the majority of services required to support a mining operation.

1.4 HISTORY

1.4.1 General Exploration History

The Margarita property has been the subject of very limited historical exploration. Known work consisted of prospecting and limited artisanal production by Minera La Perla, mining with shallow pits in the close to surface parts of the veins. Minera La Perla also developed underground development for mining in the late seventies and early eighties. Several hundred tonnes of mineralization with a high silica content were shipped to the ASARCO smelter at El Paso, Texas to be used as flux material. However, the silver grade of this material is unknown (Carreón, 1978). In 1985, the owner of Minera La Perla decided to close the mines due to the low price of the silver and their advanced age.

There is no evidence of systematic prospecting, sampling, or drilling prior to the exploration work conducted by Sable at the Margarita Project in late 2017 and 2018. The only record of historic sample collection is from Baca Carreón, 1978, a geologist of the Consejo de Recursos Minerales (now Mexican Geological Survey or SGM), where 16 samples along the El Tren/Margarita zone were taken. As a result of the preliminary exploration activities carried out by the SGM, a resource was reported on the Tren/Margarita zone, with an additional potential within the individual vein that was sampled (Carreón, 1978). The historical resource estimates do not comply with current CIM standards and definitions as required by NI 43-101 and will not be discussed further.

The Margarita property did not see any exploration/exploitation activity from 1985 to March, 2015, when Radius Gold Inc. (Radius Gold) signed an option to earn a 100% interest in the property. Radius Gold conducted due diligence work, including some chip-rock and chip-channel sampling across the vein (less than 20 samples). Management of Radius Gold decided to relinquish its option in February, 2016, and return the property to the concession owners.

1.4.2 Sable Exploration and Drilling Program

Sable signed an exploration agreement with a purchase option to acquire 100% interest in the property on May 30, 2017.

In September-October, 2017, Sable initiated geological reconnaissance at the Margarita Project, with the purpose of identifying mineralized structures, collecting rock-chip samples on the several quartz-barite veins identified, and confirming the existence of mineralized systems of potential economic interest. A large exposed low to intermediate sulphidation epithermal vein-breccia- stockwork system composed of five mineralized veins was identified, and its current erosion level was interpreted based on the Buchanan model. Later, in May, 2018 and following the reconnaissance program, a detailed mapping and geochemical sampling program was carried out by personnel of the consulting firm Gambusino and Sable, to differentiate the distinctive lithological units, identify the hydrothermal alteration and its zoning on the multiple veins present at the property, and identify structures controlling or affecting the host rocks and their relationship with mineralization.

Eighty-two rock-chip samples were collected on the several quartz-barite vein structures identified on the property.

During the second quarter of 2018, Sable commenced the first ever core drill campaign at the Margarita Project. Drilling commenced in May, 2018, and continued until August, 2018. Drilling began with Servicios Drilling S.A. de C.V., (Servicios Drilling) but the majority of the drilling was completed by Energold de México S.A. de C.V., (Energold) using portable rigs. Drilling was conducted using a wireline rig with diamond core capabilities. Holes began with HQ size and were reduced to NQ, if difficult drilling conditions were encountered.

During the 2018 drilling campaign, Sable completed 2,420 m of drilling in 12 holes, testing 750 m of the strike length of the Margarita structure. Based on the encouraging results obtained during its first phase drill program at the Margarita Project, Sable decided to execute a second drilling campaign in 2019 that comprised 2,677m in 23 holes. This campaign started in early February and finished late in March, 2019.

1.5 Geological Setting and Mineralization

1.5.1 Regional Geology

The Margarita Project is located in the south-central portion of the State of Chihuahua, within the Sierra Madre Occidental (SMO) Physiographic Province, close to the boundary with the Llanuras Del Norte Province (Northern Mountains and Plains or Basin and Range). Here, central Chihuahua is underlain by a Precambrian craton called the Chihuahua terrane, although outcrops of pre-Cretaceous rocks are scarce in northern México (McDowell & Mauger, 1994; Hammarstrom et al., 2010; Coney & Campa, 1983). The central portion of the state of Chihuahua is located on the western margin of the Chihuahua trough, a Mesozoic sedimentary basin that includes thick limestones. The basin was inverted by Laramide shortening, culminating between 68 to 56 or 46 million years ago (Ma) in the Paleocene to early Eocene, to form the Chihuahua tectonic belt.

In central Chihuahua, there are extensive outcrops of volcanic rocks of the SMO. The SMO is a northwest-trending belt of continental-margin, calc-alkaline magmatism that was active along the western edge of North America and which is the result of Cretaceous-Cenozoic magmatic and tectonic episodes related to the subduction of the Farallon Plate beneath North America Plate and to the opening of the Gulf of California.

The SMO is the largest silicic igneous province in North America and the largest continuous ignimbrite province in the world, being 200 km to 500 km wide and extending for more than 2,000 km south of the USA-México border to its intersection with the younger Trans-Mexican Volcanic Belt.

Calc-alkaline batholiths and stocks of granodiorite-granite composition intrude both volcanic groups. The products of all these magmatic episodes, partially overlapping in space and time, cover a poorly exposed, heterogeneous basement of Precambrian to Paleozoic age in the northern part (Sonora and Chihuahua), and Mesozoic age beneath the rest of the SMO. Geochemical data show that the SMO rocks are typical of the calc-alkaline rhyolite suite, with intermediate to high K and relatively low Fe content.

1.5.2 Local and Property Geology

Semi-detailed historical mapping conducted on the Margarita Project has identified two major volcanic sequences, with minor intercalations of sediments and subaqueous tuffs. The lower and older volcanic sequences are dominantly andesitic in composition, while the upper and younger unit is dominantly of rhyolitic composition.

1.5.2.1 Andesites

This sequence consists of a series of intercalated flows and breccias, displaying textural variations including vesicular and agglomerated horizons. A porphyritic, medium-grained andesite outcrops extensively along the footwall and sometimes on both sides of the Margarita vein. It has abundant plagioclase phenocrysts with minor biotite within a red to purple aphanitic groundmass. The phenocrysts are slightly oriented. The rock is generally magnetic and exhibits strong presence of manganese oxides close to the main structure.

A grey-purple unit of andesitic lapilli size tuffs outcrops extensively on the northwest side of the Labrada creek. The unit contains plagioclase crystals and abundant fragments of andesitic composition.

1.5.2.2 Volcanic Sandstones and Conglomerates

Discontinuous sandy/ash tuffaceous horizons seem to be the transition between the andesitic and rhyolitic domains and, although difficult to map, they are observed at several locations and were also intercepted in the drill holes. This unit consists of red sandstone, coarse grained to conglomeratic sandstone rich in quartz grains and abundant rounded fragments of andesite in a sandy and sometimes hematized matrix.

1.5.2.3 Rhyolitic Sequence

The rhyolitic sequence is comprised of a possible felsic dome, ignimbrite, ash tuff, medium grained rhyolite, rhyolite auto breccia and a sequence of crystal lithic tuffs.

1.5.3 Mineralization

Mineralization identified at the Margarita Project consists of a series of quartz-barite-minor calcite epithermal veins-breccias of low to intermediate sulphidation affinity, hosted in volcanic rocks of andesitic and rhyolitic composition. Five veins have been recognized to date: Margarita, El Caido, Juliana, Fabiana and Marie.

The Margarita vein is the main structure within the property. The vein is controlled by a normal fault composed of fault breccia and wide halos of fractured rock. The mineralization along the Margarita structure consists of quartz-calcite-barite vein-breccia, hosted in altered (Mn oxides) volcanic rocks of andesitic and rhyolitic composition. The strike varies between 50° to 80° west, the dip from 65° to sub-vertical to the southwest, and the vein can be traced for at least 1.6 km. It is difficult to observe the real width on surface since most of the vein material has been mined out; however, the Margarita structure varies on surface from 1.5 m up to 5 m in width and becomes wider at depth, being intercepted by drilling with up to 14 m in width (non-true thickness). The quartz in the vein-breccia is multi-stage, ranging from fine to coarse grained, crystalline, chalcedonic and saccharoidal, with multiple tones of white and greenish, accompanied by calcite and barite as gangue minerals. Bladed, banded, crustiform, colloform, comb and brecciated textures are common in the Margarita vein. iron and manganese oxides are abundant, and no sulphides were observed on surface, since most of the mined material was within the oxide zone. At depth, traces of pyrite, silver sulphosalts, galena and sphalerite can be identified megascopically in the vein.

1.6 MAGNA EXPLORATION PROGRAMS

1.6.1 Geophysics Survey

Zonge international, Inc. (Zonge) was commissioned by Magna to conduct a geophysical survey along the main mineralized structures at the Margarita Project. The geophysical survey field work was conducted between November 10 and December 7, 2021, with the data processing released in a document prepared by Zonge, dated in December, 2021.

Zonge performed a geophysical survey applying the techniques of Controlled-Source Audio-Frequency Magnetotellurics (CSAMT) and Complex Resistivity and Induced Polarization (CRIP). CSAMT data acquisition included measurements on lines 9400-10600 for a total of 16.8 line-km of data coverage. CRIP data acquisition included measurements on line 10000 for a total coverage of 2.4 line-km.

The geophysical surveys assisted in potentially outlining the extent of both current and future exploration targets at the Margarita Project.

1.6.2 Surface Trenching and Detailed Mapping

Magna completed a detailed surface mapping program along the main mineralized structures, as well as a systematic detailed sampling program with the opening of exploration trenches. Thirty trenches, ranging between 1.5 and 26.10 m in length, perpendicular to the main structures, were excavated using a backhoe, for a total of 316.10 m in length. Due the morphology of the area and previous mining, some of the trenches were limited in extent. The trenches and sample locations within them were surveyed by a professional surveyor, using a differential GPS system.

A total of 185 channel samples were collected along the opened trenches. Assays reported silver values ranging between 0.07 and 943 ppm, with average value of 80.5 ppm.

The surface trenching assisted in outlining the surface extent of the main vein at the Margarita Project.

1.6.3 Diamond Drilling Campaign

The first drilling campaign reported at the Margarita Project was drilled between 2018-2019 by Sable, the previous operator of the property. Sable completed a total of 35 diamond drill holes. After Magna acquired the property, it reviewed the data obtained from Sable and then began to conduct an extensive drill campaign in 2021, completing this campaign in 2022. In total, Magna drilled an additional 43 diamond drill holes.

Magna completed a professional survey of Sable's drill hole collars. Additionally, some of the hole depths previously reported were corrected upon a review and re-logging of the core completed by the geological personnel of Magna.

The results of Magna's drilling program have allowed it to conduct an initial mineral resource estimate for the Margarita Project.

1.7 METALLURGICAL TESTING

Only preliminary metallurgical and mineralogical studies have been completed using samples from the Margarita Project. The metallurgical investigations comprised preliminary leach testing at SGS Mineral Services (SGS), Canada, in 2018, and two phases of scoping level metallurgical testwork in 2022 at Laboratorio Tecnológico de Metalurgia LTM S.A. de C.V. (LTM), located in Hermosillo, México. The mineralogical investigations included preliminary mineralogical characterization studies by Dr. Efrén

Pérez Segura of Hermosillo and a preliminary mineralogical assessment by Bureau Veritas Metallurgical Laboratory, Richmond British Columbia.

The results from the preliminary investigations suggested the following:

- Preliminary mineralogical studies on composite samples from the Margarita property show that the mineralization comprises mainly quartz, zinc oxides/silicates/carbonates, calcite and iron oxides. The sulphide mineral content is low (<0.5%), with the predominant base metal / iron mineralization occurring as oxides, carbonates and silicates. Silver predominately occurs as acanthite (Ag_2S) but is also present as native silver, iodargyrite (AgI) and AgPb-sulphate. Gold was observed in the samples as calaverite ($AuTe_2$) and the native metal.
- Preliminary metallurgical studies suggest that up to 75% of the silver can be extracted using cyanide leaching and up to 80% silver recovery can be obtained using a combination of flotation followed by the leaching of the flotation tailings. Results, however, were quite variable for the different samples tested.
- The composite samples from the northwest (NW) zone tended to have significantly lower silver recoveries compared with the composite samples from the southeast (SE) zone. Additional mineralogical work needs to be undertaken to understand the reason for these differences in the results.

1.8 MINERAL RESOURCE ESTIMATE FOR THE MARGARITA PROJECT

1.8.1 Methodology, Database and Other Modelling Parameters

1.8.1.1 Methodology

The mineral resource estimate for the Margarita Project was conducted on the primary vein (Vein_2), a high-grade portion (Vein_HG) contained within Vein_2 and a southern segment (Vein_2S). The resource area covers a strike length of approximately 1.5 km, a width of up to 15 m, to a vertical depth up to 170 m below surface.

1.8.1.2 Database

The database that was used for resource estimation comprises exploration trenching and drilling results from the 2018 to 2022 programs. The resource database consists of sampling information from 78 diamond drill holes and 30 trenches. All diamond drill holes are northeasterly dipping, except for M-DDH-19-30. The database covers the strike length of 1.5 km at variable drill spacings, ranging from 25 m to 100 m for the primary Margarita vein. A total of 5,160 raw silver samples totalling 13,981 m have been used in the database. The drilling database includes lithological descriptions, as well as silver, gold, copper, lead, zinc, arsenic, antimony, barium and manganese assays.

The trench assays include analysis of silver, gold, copper, lead and zinc. All of the assay data were included into the resource database for the purpose of wireframing and resource estimation, but only the silver grades were used for the mineral resource estimate.

1.8.1.3 Topography

The Margarita Project topography was provided by Magna as a shape file format, from which a topographic surface was prepared and used for the whole project. A recoverable crown pillar was also created using this topographic surface, as part of considering an underground mining scenario for the mineral resource estimate.

1.8.1.4 Three-Dimensional Modelling

The wireframing for the Margarita Project included the main silver mineralized vein or zone (Vein_2), a high-grade zone (Vein_HG) and a southern mineralized zone (Vein_2S). The Vein_HG has been modelled in such a manner that the high-grade zone is entirely surrounded by the Vein_2. However, the Vein_2S is separated from the Vein_2 by a very low-grade or non-mineralized area. The resource area covers a strike length of approximately 1.5 km, a width up to 15 m and down to a vertical depth of 170 m below surface. The geological model for Margarita was prepared using Leapfrog Geo software.

The model wireframe mineral envelopes are generated based on a cut-off grade of 25 g/t silver for Vein_2 and Vein_2S and 300 g/t for the Vein_HG, with local exceptions to maintain the continuity of the wireframe envelope. A minimum width of 3 m width has been used to create the mineralized zone wireframes. For the surface extrapolation of the zones, the trench sample analyses were considered.

1.8.2 Data Analysis

1.8.2.1 Compositing

The selected intercepts for the Margarita Project were composited into 1.5 m equal length intervals within the wireframe. The composite length was determined based on most common original sample length in the database.

1.8.2.2 Grade Capping

For the Vein_2 and Vein_HG zones, all outlier values for silver were analyzed within the wireframe, using histograms and log probability plots. A grade cap of 350 g/t silver was applied to the Vein_2 zone and 1,000 g/t silver was applied to the Vein_HG zone. No grade capping was performed for the Vein_2S due to limited sample intervals.

1.8.2.3 Variography

Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the Margarita Project, the analysis was conducted within the two mineralized envelopes (Vein_2 and Vein_HG), using down-the-hole variograms and 3D variography analysis to define the directions of maximum grade continuity. Variography must be performed on regular coherent shapes with established geological continuity. First, down-the-hole variograms were constructed for silver, to establish the nugget effect (0.1) to be used to model the 3D variograms.

For both the mineralized envelops, the most reasonable variograms were chosen to support the Ordinary Kriging interpolation method. The result of the variography analysis were used to aid in establishing the search ranges and anisotropic directions. Variograms models were prepared for Vein_2 and Vein_2S, separately. The major variogram range for Vein_2 was 80 m. However, no variogram model was able to be created for the Vein_2S envelop, due to the very limited sample data.

1.8.2.4 Continuity and Trends

The Vein_2 mineralized zone exhibits a fairly stable strike and dip direction, with minor local variations. The Vein_HG zone, which is fully contained within the Vein_2 zone, follows the same trend. The continuity of both zones is generally supported by both the geological shape and the mineralized grade. The Vein_2 deposit azimuth and dip are 220° and 80°, respectively, with a plunge of 50° towards the southeast. The Vein_HG has the same azimuth and dip, but has a plunge of 170° towards the northwest.

1.8.3 Mineral Resource Estimate

The grade and tonnage have been estimated for the Vein_HG, Vein_2 and Vein_2S mineralized envelopes or zones at the Margarita Project. All the steps were performed using Leapfrog Geo/Edge software.

1.8.3.1 Block Model

A single block model has been created to contain the geological model, silver assays and underground mining scenario parameters. Since a portion of the geological model falls outside the Margarita concessions, an attribute to consider only the estimation within the concession boundary also has been created. Other elements such as lead, zinc and others are contained within the Margarita Project database, but they have not been included in the estimation process at this time.

1.8.3.2 Search Strategy and Interpolation

A set of parameters, which were derived from the variography, have been used to interpolate the composite grades into the created blocks. The interpolation has been performed by the Ordinary Kriging method.

1.8.3.3 *Rock Density Data*

The density measurements taken for Margarita Project have an average value of 2.56 g/cm^3. All data were provided by Magna and density measurements have been calculated based on 7 drill hole samples of hydrothermal breccia.

1.8.3.4 *Prospects for Economic Extraction*

The CIM standards require that a mineral resource must have reasonable prospects for eventual economic extraction.

The silver price, mining and operating costs were proposed by Magna and approved by Micon's QP. In the QP's opinion, the economic parameters are reasonable, although they were not developed from first principles specifically for the Margarita Project and are considered conceptual in nature (Table 1.1).

Table 1.1
Summary of the Economic Assumptions for the Conceptual Underground Mining Scenario

Description	Units	Value Used
Silver Price	US$/oz	25.00
Mining Cost	US$/t	20.28
Processing Cost	US$/t	17.57
General & Administration	US$/t	4.57
Silver Oxide Recovery (Metallurgical)	%	78

The mineral resource has been constrained by reasonable mining shapes, using economic assumptions for an underground mining scenario. Using the parameters noted in Table 1.1, the calculated breakeven cut-off silver grade is 68 g/t for underground mining. However, Magna has decided to report the resources at the Margarita Project using a cut-off grade of 75 g/t silver to better demonstrate the potential Project economics.

1.8.3.5 *Mineral Resource Classification*

Micon's QP has classified the mineral resource estimate in the indicated and inferred categories. The indicated category is estimated for that portion of the mineralization where 3 or more drill holes are located within an 80 m distance along strike and down dip. All remaining blocks not categorized as indicated, are estimated to be in the inferred category. However, despite having 3 drill holes within specified interval, Vein_2S has been classified entirely in the inferred category because of the very limited amount of sample data. No resources have been classified as measured, at this time.

1.8.3.6 Mineral Resource Statement

The mineral resource estimation was conducted based on a cut-off grade of 75 g/t silver and an underground mining scenario, and was classified according to the CIM standards and definitions. The mineral resource estimate for the Margarita Project, with an effective date of April 8, 2022, is summarized in Table 1.2.

Table 1.2
Mineral Resource for Margarita Project as of April 08, 2022

Mining Status	Resource Category	Vein	Tonnage (Kt)	Average Grade (Ag g/t)	Metal Content (x1,000 oz)
Crown Pillar	Indicated	VEIN_2	54	101.2	175
		Vein_HG	71	302.9	695
		Total	125	216.2	870
	Inferred	VEIN_2	4	86.0	12
		Vein_2S	58	176.4	332
		Total	63	170.3	343
Rock	Indicated	VEIN_2	1,022	113.4	3,726
		Vein_HG	707	335.0	7,620
		Total	1,729	204.1	11,346
	Inferred	VEIN_2	71	101.0	231
		Vein_2S	320	161.7	1,663
		Total	391	150.6	1,894
Total	Indicated	VEIN_2	1,075	112.8	3,901
		Vein_HG	779	332.1	8,316
		Total	1,854	204.9	12,217
	Inferred	VEIN_2	75	100.1	243
		Vein_2S	378	164.0	1,994
		Total	454	153.4	2,237

Notes:
1. The effective date for the Margarita Project mineral resource estimate is April 08, 2022.
2. The estimate includes only mineralization that is completely within the mining concessions boundaries.
3. The mineral resources are reported based on an underground mining method scenario, assuming a recoverable crown pillar of 15 m, and are constrained by reasonable underground prospects for economic extraction.
4. The mineralized wireframes within which the resources are contained were modelled at a base case cut-off grade of 25.0 g/t silver for Vein_2 and Vein_2S and 300.0 g/t silver for the High-Grade vein (Vein_HG). The Vein_HG is entirely contained within the south side of the Vein 2 envelope. All modelling work was conducted using Leapfrog Geo Software.
5. For the purposes of the mineral resource estimate, the Vein_HG resources, while contained within the Vein 2 envelope, are estimated exclusive of the Vein 2 resources.
6. Grade capping was applied to reduce the influence of outlier samples; 350.0 g/t silver was used for the Low-Grade envelopes (Vein_2 and Vein_2S) and 1,000.0 g/t silver was used for the Vein_HG envelope.

7. The economic parameters used to define mineral resources are a metal price of US$25.0 per troy ounce silver, an underground mining cost US$20.28/t, a processing cost of US$17.57/t and a G&A cost of US$4.57/t, for a total of US$42.42/t mined and processed. The silver recovery was estimated at 78%.
8. The silver cut-off grade calculated from the economic assumptions is 68.0 g/t silver. However, Magna decided to report resources at 75.0 g/t silver, given the nature of high-grade continuity of the deposit and to better demonstrate the potential Project economics.
9. The mineral resource has been categorized in the Indicated category for that portion where 3 or more drill holes are located within 80 m distance along strike and down dip. All remaining blocks not categorized as indicated are estimated in the Inferred category. The Vein_2S resources are estimated entirely as inferred, due to the small amount of data.
10. The mineral resources presented here were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
11. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The QP believes that, at this time, the mineral resource estimate is not materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues. However, as the Margarita Project advances, further required studies in these areas or other socio-political changes may affect the resource estimate.
12. The mineral resource estimate has been prepared without reference to surface rights or the potential presence of overlying public infrastructure.
13. Figures may not total due to rounding.

1.8.4 Mineral Resource Validation

Micon QPs have validated the block model using two methods: visual inspection and trend analysis.

1.8.4.1 Visual Check

The model blocks and the drill hole intercepts were viewed in section to ensure that the grade distribution in the blocks was honouring the drill hole data. The degree of agreement between the block grades and the drill intercepts is satisfactory.

1.8.4.2 Swath Plots

The block model grades and the grades of the informing composites, were compared using swath plots in a northing direction. The analysis showed a satisfactory degree of agreement.

1.8.5 Mineral Resource Sensitivity Analysis

Micon performed cut-off grade sensitivity analysis within the mineralized model based on two separate parameters, with the first parameter using the cut-off grade and category (Table 1.3) and the second using the cut-off grade and zone (Table 1.4), respectively. The QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP’s opinion that they meet the test of reasonable prospects of economic extraction.

Table 1.3
Sensitivity Analysis by Category and Grade

Category	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Indicated	50	2,934	151.9	14,323
	68	2,075	190.6	12,718
	75	1,854	204.8	12,210
	100	1,320	252.9	10,728
	125	1,036	291.7	9,714
	150	892	316.8	9,083
	175	814	331.7	8,676
	200	746	344.8	8,265
	250	583	378.3	7,086
	300	399	425.9	5,462
Inferred	50	554	136.8	2,438
	68	480	148.9	2,297
	75	454	153.4	2,237
	100	375	167.4	2,017
	125	312	178.7	1,790
	150	252	188.2	1,525
	175	161	202.5	1,051
	200	67	222.8	480
	250	12	269.6	105

Micon, 2022.

Notes:

1. The sensitivity analysis by category and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

Table 1.4
Sensitivity Analysis by Zone and Grade

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Vein_HG	50	773	331.4	8,235
	68	773	331.5	8,235
	75	773	331.5	8,235
	100	770	332.2	8,228
	125	768	333.0	8,218
	150	756	335.9	8,169
	175	736	340.6	8,062

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
	200	694	349.8	7,803
	250	559	379.9	6,826
	300	389	425.5	5,327
VEIN_2	50	2,263	86.7	6,308
	68	1,370	105.3	4,637
	75	1,137	112.2	4,102
	100	565	138.6	2,515
	125	271	168.2	1,468
	150	134	201.1	866
	175	74	234.3	555
	200	47	260.8	398
	250	19	317.4	192
	300	5	437.3	70
Vein_2S	50	406	157.0	2,050
	68	385	162.4	2,010
	75	378	164.0	1,994
	100	349	170.3	1,910
	125	302	179.4	1,740
	150	247	188.4	1,498
	175	159	202.5	1,038
	200	66	222.8	473
	250	12	269.6	105
	300	0	—	0

Micon, 2022.

Notes:

1. The sensitivity analysis by zone and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

1.9 Conclusions and Recommendations

1.9.1 Conclusions

Magna's exploration activities have been successful in outlining the mineralization of the primary zone at the Margarita Project, which remains open along strike and at depth. The success of the exploration programs has also resulted in Magna being able to disclose an initial mineral resource estimate for the primary vein on the Margarita Project. Micon and its QPs consider that the current mineral resource estimate is robust and that the data upon which the estimate is based are suitable for use as the basis of further exploration programs and also further economic studies.

1.9.2 Exploration Budget and Other Expenditures

Following on its successful 2021-2022 exploration and drilling program, Magna is planning to conduct an additional exploration and drilling program to expand and further define the extent of the mineralization at the Margarita Project. Magna is also planning to conduct an economic study to determine the economic potential for the Project. Table 1.5 summarizes Magna's budget for the next phase of exploration and drilling program, as well as the economic studies.

Table 1.5
Magna Budget Expenditures for the Next Phase of Exploration and Drilling and Further Economic Studies

Description	Unit	Unit Cost USD	No. of Units	Total Cost USD
Geology and Exploration:				
Project Management	Monthly	8,000	6	48,000
Geologist (Salaries and Consulting Fees)	Monthly	30,950	6	185,700
Field Hands	Monthly	6,000	6	36,000
Camp and Accommodation	Monthly	7,500	6	45,000
Exploration Expenses and Supplies	Lump	10,000	2	20,000
Services and Food in Camp	Monthly	10,725	6	64,350
Core Drilling	Metres	116	15,000	1,740,000
Water (Include trucks for transportation)	Monthly	15,000	6	90,000
Trenching and Road Works	Hour	100	600	60,000
Assaying (Four Acids Digestion-ICP	Samples	35	7,500	262,500
Engineering and Feasibility	Report	100,000	1	100,000
Metallurgical Test Work	Lump	50,000	1	50,000
Drafting, Reporting and Reproduction Maps	Monthly	40,000	2	80,000
Hardware (New Laptops)	Laptop	3,000	2	6,000
Software (Annual Subscription)	Lump	40,000	2	80,000
Office Expenses	Lump	150	6	900
Logistic Exploration Support (rent core storage)	Lump	3,000	10	30,000
Travel Expenses	Lump	1,250	7	8,750
Vehicles	Trucks/Month	10,000	6	60,000
Gasoline/Diesel	Lump	1,100	8	8,800
Safety Equipment	Lump	1,000	3	3,000
Social Security and Labour Related Taxes	Estimated	3,695	6	22,170
Subtotal				3,001,170
General Administration	5% Exploration	2,568,670	5%	128,434
Total Geology and Administration				3,129,604

Description	Unit	Unit Cost USD	No. of Units	Total Cost USD
Property Acquisition and Maintenance				
Mining Taxes	Bi-Annual	2,306	2	4,612
Surface Rights and Rights of Way	Bi-annual	55,000	1	55,000
Total Property Acquisition and Maintenance				59,612
Grand Total				3,189,216

Micon and its QPs agree with the direction of Magna's next phase of exploration and economic analysis and regard the expenditures and studies as appropriate. Micon and its QPs appreciate that the nature of the programs and expenditures may change as the next phase advances, and that the final expenditures may not be the same as originally proposed.

1.9.3 Further Recommendations

Micon's QPs understand that Magna is in the process of outlining the next phase of exploration and will undertake an economic study on the Margarita Project. In that context, Micon's QPs make the following additional recommendations:

1. Micon's QPs recommend that Magna reviews and upgrades the documentation of current logging protocols, in order to implement a set of standardized procedures for all stages of data collection and provide detailed procedures with the aim of minimizing errors and creating a systematic set of procedures during data collection. A chain of custody procedure should be included to be able to track samples along the entire process.
2. Micon's QPs recommend that Magna consider creating and certifying its own blanks and SRMs, in order to minimize the matrix effect during assaying and establish a standardized QC analysis.
3. Micon's QPs recommend that, although the observed accuracy of duplicate samples is considered acceptable at the current stage of the Project, and adequate for the mineral resource estimation herein disclosed, the accuracy requires improvement as the Project progresses into advanced stages of evaluation. The different types of duplicates need to be fully evaluated by the geological management team in timely manner, and application of corrective action put in place in order to increase the accuracy and/or understand of the origin of any differences.
4. Micon's QPs recommend that Magna should consider conducting a comprehensive mineralogical analysis, including textural relationship, mineral size, exposure, etc., to gain a better understand the impact of any fundamental error, as well as review and re-enforce the sampling procedures.
5. Micon's QPs recommend that all of the potential economic and deleterious elements are included within the resource model such that, when future economic studies are conducted on

the Margarita Project, these can be reviewed to see if they either add to the overall economics or need to be factored into the mine plan to mitigate any harm to the Project.

6. Micon's QPs recommend that additional mineralogical work be undertaken to understand the reason why the NW Composite gave significantly lower silver recoveries when compared with the SE Composite.

7. Micon's QPs recommend that additional mineralogical and metallurgical testwork programs on a selection of samples representing the lithological domains found within the mineral resources are conducted, including the following:

   - Due to the presence of potentially cyanide consuming minerals, it is recommended to consider intense pre-aeration/oxidation and pre-treatment with high lime addition for future cyanide leaching tests.
   - Additional flotation testwork should consider the leaching of the reground flotation concentrate.
   - Alternative lixiviants for the extraction of silver should be tested.
   - Preliminary grindability testwork should be completed.
   - Once a preliminary flowsheet has been developed, geochemical tests should be undertaken on process samples to assess the potential of any deleterious element, mineral or compound.
   - Although the value in the mineralization is mainly in silver, the recovery of other potentially valuable metals such as copper, zinc and lead should be investigated.

2.0 INTRODUCTION

2.1 TERMS AND REFERENCE

At the request of Magna Gold Corp. (Magna), Micon International Limited (Micon) has prepared an initial mineral resource estimate for the Margarita Silver Project (Margarita Project or the Project) in the State of Chihuahua (Chihuahua), México and has compiled this Canadian National Instrument (NI) 43-101 Technical Report disclosing the results of the initial resource estimate.

In this report, the term Margarita Project refers to the area within the concessions that contains the estimated mineral resource, while the term Margarita property (the property) refers to the entire land package of mineral concessions under Magna's control.

This report discloses technical information, the presentation of which requires the Qualified Persons (QPs) to derive sub-totals, totals and weighted averages that inherently involve a degree of rounding and, consequently, introduce a margin of error. Where these occur, the QPs do not consider them to be material.

The conclusions and recommendations in this report reflect the QPs best independent judgment in light of the information available to them at the time of writing. Micon and the QPs reserve the right, but will not be obliged, to revise this report and conclusions if additional information becomes known to them subsequent to the date of this report. Use of this report acknowledges acceptance of the foregoing conditions.

This report is intended to be used by Magna subject to the terms and conditions of its agreement with Micon. That agreement permits Magna to file this report as a Technical Report on SEDAR (www.sedar.com) pursuant to provincial securities legislation or with the SEC in the United States. Except for the purposes legislated under provincial securities laws, any other use of this report, by any third party, is at that party's sole risk.

Neither Micon nor the QPs have, nor have they previously had, any material interest in Magna or related entities. The relationship with Magna is solely a professional association between the client and the independent consultants. This report is prepared in return for fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Micon and the QPs are pleased to acknowledge the helpful cooperation of Magna's management and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material.

2.2 Discussions, Meetings, Site Visits and Qualified Persons

In order to undertake the Initial mineral resource estimate for the Margarita Project, the QPs of this Technical Report held a number of discussions and meetings with Magna's personnel and contractors to discuss details relevant to the exploration programs, Quality Assurance/Quality Control (QA/QC) programs, parameters used for the mineral resource estimate and the mineral resource estimate itself. The discussions were held via email chains and phone calls, as well as Google Teams and Zoom meetings. The discussions were open and frank, and at no time was information withheld or not available to the QPs. The identities of the QPs for this report and their areas of responsibility are summarized in Table 2.1.

A site visit was conducted from January 31 to February 3, 2022. The site visit was undertaken to independently verify the geology, mineralogy, drilling programs and the QA/QC programs. A number of samples were taken during the 2022 site visit and the verification program is discussed in Section 12.0 of this report.

Table 2.1
Qualified Persons, Areas of Responsibility and Site Visits

Qualified Person	Title and Company	Area of Responsibility	Site Visit
William J. Lewis, P.Geo.	Senior Geologist, Micon	Sections 1.1 to 1.6, 1.8, 1.9, 2 to 8, 12.4, 14.1 to 14.3, 14.6, 14.9 and 23 to 28	None
Ing. Alan San Martin, MAusIMM(CP)	Mineral Resource Specialist, Micon	Sections 14.5.2, 14.5.4, 14.5.5, 14.7 and 14.8	None
Chitrali Sarkar, M.Sc. P.Geo.	Geologist	Sections 12.3, 14.4, 14.5.1 and 14.5.3	None
Richard Gowans, P.Eng.	Principal Metallurgist, Micon	Sections 1.7 and 13	None
Rodrigo Calles-Montijo, CPG	General Administrator and Principal Consultant, Servicios Geológicos IMEx, S.C.	Sections 9,10, 11, 12.1 and 12.2	January 31, 2022 to February 3, 2022
NI 43-101 Sections not applicable to this report		15,16,17,18,19,20,21 and 22	

The current site visit to the Margarita property was completed by Rodrigo Calles-Montijo, CPG, who is an independent consultant and Certified Professional Geologist (CPG), as well as a member of the American Institute of Professional Geologists (AIPG). Mr. Calles-Montijo is based in Hermosillo, México. Mr. Calles-Montijo was contacted by Miguel Angel Soto, Vice-President of exploration of the Magna and William J. Lewis (Micon) to define the objectives of the site visit, as required by the NI 43-101 guidelines. Mr. Calles-Montijo visited the different areas of the property, with an emphasis on verifying the different exploration/evaluation works completed up to date, as well as a general overview of the core shack facilities located in the city of Chihuahua. During the site visit, Mr. Calles-Montijo was accompanied by

Mr. Roberto García, project manager of Magna, as well as several of the geology staff currently involved in the Project, both in the city of Chihuahua and at the Project site.

During the site visit, the locations of a number of the holes drilled in 2021-2022 were inspected, including holes drilled by previous operators and the recent holes drilled by Magna. All of the holes drilled by Magna have been undertaken using portable rigs, which minimize the environmental impact. The drilled sites are properly identified in the field by use of a steel plate, with the hole ID welded on it for the holes drilled by Sable in 2018-2020 and with a cement monument with a PVC pipe for the holes drilled by Magna during 2021 and 2022

2.3 Sources of Information

Micon's review of the Margarita Project was based on published material researched by the QPs, as well as data, professional opinions and unpublished material submitted by the professional staff of Magna or its consultants. Much of these data came from reports prepared and provided by Magna. The information and reference sources for this report are provided in Section 28.0.

The descriptions of geology, mineralization and exploration used in this report are taken from reports prepared by various organizations and companies or their contracted consultants, as well as from various government and academic publications. The conclusions of this report use, in part, data available in published and unpublished reports supplied by the companies which have conducted exploration on the property, and information supplied by Magna. The information provided to Magna was supplied by reputable companies and the QPs have no reason to doubt its validity. Micon has used the information where it has been verified through its own review and discussions.

Some of the figures and tables for this report were reproduced or derived from reports on the property written by various individuals and/or supplied to the QPs by Magna. A number of the photographs were taken by Mr. Calles-Montijo during his January/February, 2022 site visit. In cases where photographs, figures or tables were supplied by other individuals or Magna, the source is referenced below that item.

2.4 Units of Measurement and Abbreviations

All currency amounts are stated in United States of America dollars (USD), unless otherwise stated. Quantities are generally stated in metric units, the standard Canadian and international practice, including metric tonnes (t) and kilograms (kg) for mass, kilometres (km) or metres (m) for distance, hectares (ha) for area, grams (g) and grams per metric tonne (g/t) for gold and silver grades (g/t Au, g/t Ag). Wherever applicable, Imperial units have been converted to Système International d'Unités (SI) units for reporting consistency. Precious and base metal grades may be expressed in parts per million (ppm) or parts per billion (ppb) and their quantities may also be reported in troy ounces (ounces, oz) for precious metals and in pounds (lbs) for base metals, a common practice in the mining industry. A list of abbreviations is provided in Table 2.2. Appendix 1 contains a glossary of mining and other related terms.

Table 2.2
List of Abbreviations

Name	Abbreviation
Adsorption/desorption/reactivation	ADR
African Mineral Standards	AMIS
ALS Chemex de México SA de CV,	ALS
ALS Minerals	ALS
American Association of Laboratory Accreditation	AALA
Australian Geostats Pty Ltd	Australian Geostats
Australian Ore Research & Exploration P/L	OREAS
Canadian Centre for Mineral and Energy Technology	CANMET
Canadian Institute of Mining, Metallurgy and Petroleum	CIM
Canadian National Instrument 43-101	NI 43-101
Canadian Securities Administrators	CSA
CDN Resource Laboratories Ltd.	CDN Resource
Centimetre(s)	cm
Comisión de Ecología y Desarrollo Sustentable del Estado de Sonora	CEDES
Comisión de Fomento Minero	CFM
Comisión Nacional del Agua	CONAGUA
Compañía Minera La Perla S.A	Minera La Perla
Degree(s), Degrees Celsius	º,ºC
Diario Oficial de la Federación	DOF
Digital elevation model	DEM
Dirección General de Minas	DGM
Diversified Drilling, S.A. de C.V.	Diversified
Electronic Data Gathering, Analysis and Retrieval	EDGAR
Energold de México S.A. de C.V.	Energold
Environmental Impact Assessment	MIA
Exploraciones Sable, S. de R.L. de C.V.	Exploraciones Sable
Gambusino Prospector de México S.A. de C.V.	Gambusino
Gatos Silver Inc.	Gatos Silver
Grams per metric tonne	g/t
Hectare(s)	ha
Hour	h
Inverse Distance Squared	ID^2
Inch(es)	in
Inductively Coupled Plasma – Emission Spectrometry	ICP-ES
Internal diameter	ID
Internal rate of return	IRR
Impuesto al Valor Agregado (or VAT)	IVA
Justified Technical Study	ETJ
Kilogram(s)	kg

Name	Abbreviation
Kilometre(s)	km
Litre(s)	L
London Metal Exchange)	LME
Metre(s)	m
Mexican peso	MXN
Micon International Limited	Micon
Million (e.g. million tonnes, million ounces, million years)	M (Mt, Moz, Ma)
Milligram(s)	mg
Millimetre(s)	mm
Minas Guilloyna S.A. de C.V.	Guilloyna
National Institute of Standards and Technology	NIST
North American Datum	NAD
Net present value, at discount rate of 8%/y	NPV, NPV8
Net smelter return	NSR
Not available/applicable	n.a.
Osisko Gold Royalties Ltd.	Osisko Royalties
Ounces (troy)/ounces per year	oz, oz/y
Parts per billion, part per million	ppb, ppm
Percent(age)	%
Preventive Report	Informe Preventivo or IP
Quality Assurance/Quality Control	QA/QC
Run of mine	ROM
Sable Resources Ltd	Sable
Servicios Drilling S.A. de C.V.	Servicios Drilling
Servicios Geológicos IMEx, S.C.	IMEx
Silver Equivalent	AgEq
Specific gravity	SG
Square kilometre(s)	km^2
Standard Reference Material(s)	SRM(s)
Sunshine Silver Mining and Refining Corporation	Sunshine Silver
System for Electronic Document Analysis and Retrieval	SEDAR
Three-dimensional	3-D
Tonne (metric)/tonnes per day, tonnes per hour	t, t/d, t/h
Tonne-kilometre	t-km
United States Dollar(s)	USD
US Securities and Exchange Commission	SEC
Universal Transverse Mercator	UTM
Value Added Tax (or IVA)	VAT or IVA
Year	y

2.5 PREVIOUS TECHNICAL REPORTS

A previous NI 43-101 Technical Report has been published on the Margarita Project:

- NI 43-101 Technical Report on the Margarita Silver Project, Chihuahua, México for Sable Resources Ltd. by Leonardo de Souza, with effective and issue dates of April 10, 2019.

A number of Sections of this report were derived from the 2019 Technical Report and updated where necessary.

Other references and historical reports used in the compilation of this Technical Report are listed in Section 28.0, References.

3.0 RELIANCE ON OTHER EXPERTS

In this Technical Report, discussions in Sections 1 and 4 regarding royalties, permitting, taxation and environmental matters are based on material provided by Magna. The QPs and Micon are not qualified to comment on such matters and have relied on the representations and documentation provided by Magna for such discussions.

All data used in this report were originally provided by Magna. The QPs have reviewed and analyzed these data and have drawn their own conclusions therefrom.

The QPs and Micon offer no legal opinion as to the validity of the title to the mineral concessions claimed by Magna in Sections 1 and 4. However, a title opinion has been provided to Micon's QP which confirms that Molimentales is noted in the registry as the legal and beneficial holder of the two concessions comprising the Margarita Project. The title opinion was provided by Hugo Francisco Medina Moreno whose legal practice is located at Boulevard Paseo de las Quintas no. 123, Local 101, Hermosillo, Sonora, C.P. 83247.

Information related to royalties, permitting, taxation, environmental matters and the validity of the title to the mineral concessions claimed by Magna were extracted from the previous NI 43-101 Technical Report and updated by Magna through personal communication with the QPs.

4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 GENERAL DESCRIPTION AND LOCATION

The Margarita property is located within the Municipality of Satevó, in Northern México, in the South-central part of the State of Chihuahua. The property is situated approximately 90 km southeast of the city of Cuauhtémoc and 120 km southwest of the city of Chihuahua, the state capital (Figure 4.1).

The Margarita property is located on the Instituto Nacional de Estadística Geografía e Informática (INEGI) G13-A25, Pahuirachi 1:50,000 scale topographic map, and in the G13-1, San Juanito 1:250,000 scale topographic sheet. The coordinate systems used in this report are geographic coordinates and Universal Transverse Mercator (UTM) Zone 13, WGS-84 Datum.

The Margarita property is roughly centred on geographic coordinates 27° 38' 31" N and -106° 30' 10" W and the UTM WGS-84 coordinates are 351,740 mE and 3,058,460 mN.

Figure 4.1
Location of the Margarita Project, Chihuahua

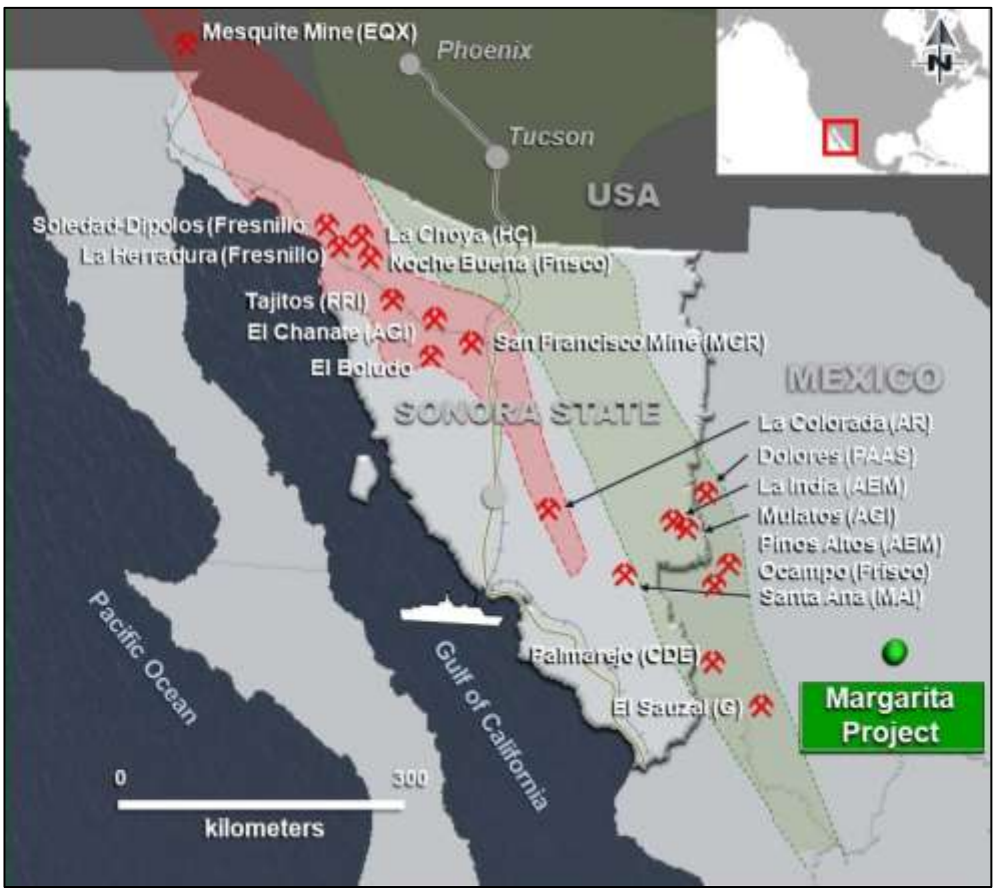


Figure supplied by Magna, April, 2022.

4.2 OWNERSHIP, LAND TENURE AND PROPERTY AGREEMENTS

On November 10, 2020, Magna announced that it and Molimentales del Noroeste, S.A. de C.V. (Molimentales), a subsidiary of the Company, had entered into a definitive option acquisition agreement with Sable Resources Ltd. (Sable) and Exploraciones Sable, S. de R.L. de C.V. (Exploraciones Sable), a wholly-owned subsidiary of Sable, to acquire its option to acquire a 100% undivided interest in the mining concessions comprising the Margarita Silver Project. The Margarita property is comprised of two mining concessions, covering 125.625 hectares, located within the Sierra Madre Gold Belt, which hosts numerous multimillion-ounce gold-silver deposits. The Property lies 15 km northwest, and on strike with Gatos Silver Inc's. (Gatos Silver, formerly Sunshine Silver Mining and Refining Corporation) Los Gatos Mine.

4.2.1 Acquisition Summary

Pursuant to the terms of the agreement, Molimentales acquired the Option in exchange for:

(i) CAD$1,500,000 in cash, plus an additional CAD$800,000 in cash representing Mexican VAT.

(ii) CAD$3,500,000 in common shares in the capital of Magna, being 3,219,278 Magna shares at a deemed price of $1.0872 per Magna share, representing the volume weighted average price of the Magna shares on the TSX Venture Exchange (TSXV) for the fifteen trading days prior to the date of the agreement.

Immediately following the acquisition, Molimentales exercised the option to acquire the Margarita property.

On November 19, 2020, Magna announced that it and Molimentales had closed the acquisition of the option to acquire a 100% undivided interest in the mining concessions comprising the Margarita Project.

Concurrent with the option exercise, and in accordance with the terms of an amended and restated royalty purchase agreement dated October 13, 2020, between Osisko Gold Royalties Ltd (Osisko), Sable, Exploraciones Sable and certain affiliates of Sable and Exploraciones Sable, Magna and Molimentales entered into a royalty agreement with Osisko, pursuant to which the Molimentales will pay Osisko a 2% net smelter returns royalty on all products mined and produced from the property.

Table 4.1 summarizes the two mineral concessions which comprise the Margarita property.

Table 4.1
Summary of the Margarita Project Mining Concessions

Concession Name	Title Number	Area (Ha)	Staking Date*	Expiration Date	Bi-annual Payment (Mexican Pesos)	Bi-annual Payment (USD)
El Tren	172158	54.7700	25/09/1983	25/09/2033	10,343.86	517
Margarita	171530	70.8550	19/10/1982	19/10/2032	13,381.68	669
Total		125.625			23,725.54	1,186

Table supplied by Magna in April, 2022.
*At this time, there is not a copy of the original application in the files to record the date the claims were staked. Therefore, the title date was used.

Figure 4.2 shows the mineral concessions of the Margarita property in relation the surrounding Los Gatos mineral concessions.

Figure 4.2
Margarita Property, Mineral Concessions

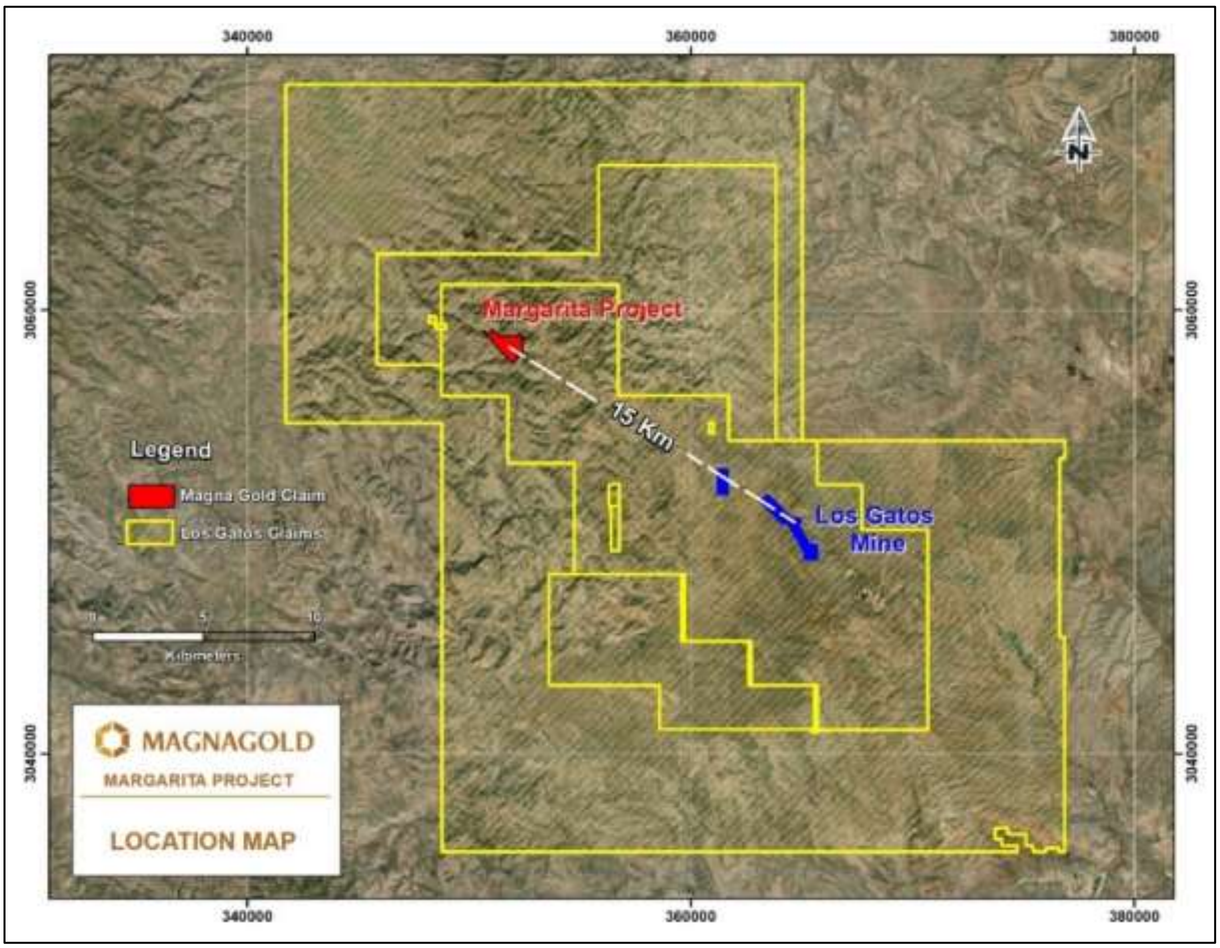


Figure supplied by Magna in April, 2022.

4.3 Mining Rights in México

4.3.1 Legal Framework

Mineral exploration and mining in México are regulated by the Mining Law (Ley Minera) of 1992, with amendments (Decretos de Reforma) in 1996, 2005, 2006, and 2014, which establishes that all minerals found in the Mexican territory are owned by the Mexican nation, and that private parties may exploit such minerals (except oil and nuclear fuel minerals and recently lithium) through mining licenses, or concessions, granted by the Federal Government.

The competent authority for mining is the Secretariat of Economy (Secretaría de Economía), through the General Coordination of Mines (Coordinación General de Minería), which is responsible for the General Bureau of Mining Regulation (DGRM, Dirección General de Regulación Minera). The DGRM's internet portal is SIAM, the Integrated System for Mining Administration (Sistema Integral de Administración Minera) at www.siam.economia.gob.mx.

The General Coordination of Mines is also responsible for the General Bureau of Mining Regulation (Dirección General de Regulación Minera), the General Bureau of Mining Developments (Dirección General de Desarrollo Minero) and the Mexican Geological Survey (SGM, Servicio Geológico Mexicano).

The Mexican Geological Survey is required, inter alia, to provide geological information, maintain an inventory of national mineral deposits, and advise the Secretariat of the Economy about national mineral reserves.

Concessions refer to mining lots (lote minero) oriented N-S and E-W with sides in multiples of 100 m, with a starting point (punto de partida) fixed in the field. There is no size limit. Concessions are granted on free land on a first come first served basis.

There is only one type of mining concession (concesión minera) for exploration and exploitation. Mining concessions are valid for 50 years from the date of recording in the Public Mining Registry and may be extended for another 50 years.

Concessions may be granted to Mexican individuals, local communities with collective ownership of the land known as "ejidos", and companies incorporated under the Mexican law, with no foreign ownership restrictions for such companies. While the Constitution makes it possible for foreign individuals to hold mining concessions, the Mining Law does not allow it. This means that foreigners wishing to engage in mining in México must establish a Mexican corporation for that purpose or enter into a joint venture with a Mexican individual or corporation.

The process of staking a mining concession begins with a detailed study by the company of the claim status within the areas of interest, which often requires manual review of hardcopy government files in areas where the tenement status may not be up to date in their database. Once the open ground has been identified, a concession application can be made. A detailed field survey must be carried out by the company, using a qualified Mexican mining surveyor (Perito Minero) to accurately define the property boundaries, measure the area of the application that is open, and determine the spatial status to any older claims within the application. The starting point of the survey is a mining monument erected in the area. The survey is submitted to the DGRM for approval of the application and the issue of title.

The areas covered by expired third party titles cannot be staked with new applications until an official publication declares the area open for staking. It is common to have multiple applications for these new open areas and any company or individual can present an unlimited number of applications. The final winner is decided in a raffle, after which the application goes through the normal process.

The main obligations for maintaining the validity of a mining concession are suitable assessment work, payment of mining concession fees and compliance with environmental laws. For assessment, minimum expenditures are defined for exploration, and minimum thresholds for production (comprobación de obras). An annual report must be filed in May of each year describing the work done in the previous calendar year.

4.3.2 Fees, Royalties and Taxes

A staking fee is payable on a sliding scale per hectare according to the figures shown in the Table 4.2. The rates are set annually.

Table 4.2
Staking Fees

Area (Hectares)	Fixed Fee (Mexican Pesos)	Fixed Fee* (USD)	Additional Fee per Hectare (Mexican Pesos)	Additional Fee per Hectare* (USD)
1 to 30	658.79	32.16	10.71	0.52
31 to 100	997.58	48.68	19.91	0.97
101 to 500	2,445.96	119.36	48.43	2.36
501 to 1,000	22,838.46	1,114.53	63.11	3.08
1,001 to 5,000	63,616.03	3,104.46	3.8216	0.19
5,001 to 50,000	80,746.89	3,940.45	2.7393	0.13
>50,000	204,717.77	9,990.22	2.5261	0.12

*Based on an exchange rate of 1 Mexican peso = 0.0488 US dollars on January 2, 2022.

A mining fee (derecho sobre minería) based on surface area and age is payable bi-annually, in advance, in January and July, with increases annually. The fee is not paid until the title is granted. The cost per hectare per semester for 2022 is shown in Table 4.3.

Table 4.3
Mining Taxes in México

Years	Payment per Hectare (Mexican Pesos)	Payment per Hectare* (USD)
1 - 2	7.56	0.37
3 - 4	11.29	0.55
5 - 6	23.36	1.194
7 - 8	46.97	2.29
9 - 10	93.94	4.58
After 10	165.32	8.07

*Based on an exchange rate of 1 Mexican peso = 0.0488 US dollars on January 2, 2022.

The bi-annual taxes for 2022 on the Margarita Project are 23,725.54 pesos (1,186 USD) for both mining concessions.

Three new mining fees or royalties were included in the 2013 tax reform, the Federal Fees Law (Ley Federal de Derechos), which became effective on 1 January 2014. Previously, there were no mining-specific taxes or royalties, except for the mining fee. The new fees and royalties are a Special Mining Royalty, an Additional Mining Fee and an Extraordinary Mining Royalty.

The Special Mining Royalty (derecho especial sobre minería) is 7.5% of net profits from production and is due annually on the last business day of March of the year following the tax year.

The Additional Mining Fee (derecho adicional sobre minería) is payable when the concession holder has not carried out exploration or exploitation on a concession for two continuous years within the first 11 years of its concession title. The additional charge is equal to 50% of the applicable mining concession fee per hectare per semester. This is increased to 100% from the 12th year.

The Extraordinary Mining Royalty (derecho extraordinario sobre minería) is a 0.5% gross revenue charge on the sale of gold, silver and platinum. The royalty is due annually on the last business day of March of the year following the tax year.

Sales tax (IVA, Impuesto al Valor Agregado) is 16%. Gold ingots and gold and silver coins are exempt.

The standard corporate tax on profits (Impuesto sobre la Renta) is 30%.

As previously noted, Magna and Molimentales entered into a royalty agreement with Osisko, pursuant to which Molimentales will pay Osisko a 2% net smelter returns royalty on all products mined and produced from the property.

There are no other known royalties, back-in rights, payments, or agreements and encumbrances

to which the property is subject.

4.4 PERMITTING, ENVIRONMENTAL AND SURFACE RIGHTS

4.4.1 Permitting

Molimentales has acquired the necessary permits from the various Mexican federal and state governmental authorities in order to conduct exploration on the Margarita Project. This included filing the required Environmental Preventative Report with SEMARNAT.

4.4.2 Environmental

The Margarita property has no known environmental liabilities or outstanding issues.

4.4.3 Surface Rights

Surface rights covering the Margarita property are owned by a private ranch called El Ojito, situated in the Municipality of Satevó, Chihuahua and owned by Myrna Teresa González Molina. Molimentales (Magna) has signed a temporary occupation agreement with the owner of the private ranch which was dated November 25, 2021. The agreement is valid for a period of 5 years 5 months (65 months) beginning on the January 1, 2022 and ending on the June 1, 2027. The agreement notes that during the month of April in each year there will not be any exploration activity or company personnel on the property. There is also an additional monthly payment for water, when the water is used for drilling.

4.5 QP COMMENTS MARGARITA PROJECT

Micon and the QPs are not aware of any significant factors or risks, other than those discussed in this Section of the report, that may affect access, title or the ability to perform work on the property by Magna. It is Micon's and the QP's understanding that further permitting and environmental studies could be required if sufficient mineralization is discovered and if further economic studies demonstrated that the mineralization is sufficient to host a mining operation.

The Margarita property is not large enough to accommodate the infrastructure necessary to host any future mining operations, should sufficient economic mineralization be identified on the property. Further negotiation with the surface rights holder will be necessary to acquire sufficient ground.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESSIBILITY

The Margarita Project is located within the Municipality of Satevó, in Northern México, in the southern-central part of the State of Chihuahua. The property is situated approximately 90 km southeast in a straight line from the city of Cuauhtémoc and 120 km southwest of the city of Chihuahua, the state capital.

Access to the property is good with year-round and unrestricted access provided by a network of Federal-State highways and well-maintained gravel roads, as well as local ranch roads connecting the various areas of the property.

Access to the Project is via Federal Highway #16 from Chihuahua to Cuauhtémoc City, for a distance of 63 km, where there is a left turn towards El Mirador Village via State Highway #83 that leads to the Town of Nonoava, connecting the Villages of Morelos, La Paz, San Cayetano, Belisario Dominguez, Tutuaca, and the town of San Francisco de Borja. Two kilometres before reaching San Francisco de Borja, at the PEMEX gas station, there is a left turn onto the paved road that leads to Santa Ana Village for 17 km, followed by a good condition dirt road for 26 km that leads to Casa Colorada. At this point, there is a left turn onto a gravel road for 15 km, that connects the private ranches of La Gavilana, Los Estados and El Ojito, to finally arrive at the Margarita Project (Figure 5.1).

The journey by highways and dirt roads takes approximately three hours to complete the distance of 171 km from Chihuahua City or two and a half hours to complete the distance of 143 km from Cuauhtémoc City.

Figure 5.1
Access to the Margarita Project in Chihuahua

Figure supplied by Magna in April, 2022.

5.2 CLIMATE AND VEGETATION

The climate is classified as being desert to semi-desert, with a mean annual precipitation of 235 mm, concentrated in the months of July, August, and September, with smaller amounts of precipitation in early winter. The rainfall range is between 150 mm to 400 mm per year. The region has a slightly milder climate in the summer with daytime June temperatures in the range of 35°C to 40°C, and cool or cold winters with occasional frosts. The average annual temperature is 20°C. The climate is conducive for year-round mining operations.

Cacti, greasewood, occasional mesquites, low bushes, and thorny shrubs plants comprise most of the sparce vegetation in the low-lands, except after summer rains when grasses and wildflowers briefly flourish. In high lands, pines, oyamel and ocote trees dominate the area. Wildlife includes insects, lizards, and snakes. Mammals include raccoons, rabbits, squirrels, skunks, and tlacuaches (Mexican opossums), turkeys and deer. Hawks, quails, woodpeckers, sparrows and doves are common birds.

5.3 PHYSIOGRAPHY

The Margarita property lies within the Sierra Madre Occidental, in a region known as Gran Meseta y Cañones Chihuahuenses. The general physiography of the Margarita Project is characterized by low to moderate rolling hills with local escarpments and flat valley floors. Altitudes vary between 2,000 m and 2,200 m above sea level (masl).

5.4 LOCAL RESOURCES

Contract labour is available from the local villages and towns throughout the area. The city of Chihuahua is the largest population centre in the region and a major industrial and mining centre which provides good support to surrounding industries. Professional, technical and manual labour is readily available in both Chihuahua and Cuauhtémoc, including an ample base of service providers. Northern México, and México itself, has a well-established mining industry and network of related vendors.

5.5 INFRASTRUCTURE

The Margarita Project is located within a region of moderate to well established infrastructure. The property area is well serviced with road access, power and water supplies, skilled and semi-skilled local labour. Surrounding cities are capable of providing the majority of services required to support a mining operation.

Electrical power is available within the Margarita property via a 115 kV utility transmission line that Gatos Silver has installed for the nearby Cerro Los Gatos mine. This transmission line originates at the San Francisco de Borja substation, where a connection was installed to facilitate the new line which is approximately 66 km long and passes through the middle of the Margarita property.

Water is available from sub surface wells at ranch houses near the Project. There are also intermittent perennial streams for water during the wet season.

Fuel, food and camp supplies can be purchased in the cities of Chihuahua or Cuauhtémoc. In both cities, there are several hotels and restaurants with internet access. Cellular phone coverage exists at some sites within the property.

6.0 HISTORY

Portions of this section were extracted from previous 2019 Margarita Project Technical Report published on SEDAR by Sable and updated or edited where necessary.

6.1 GENERAL EXPLORATION HISTORY

The Margarita property has been the subject of very limited historical exploration. Known work consisted of prospecting and limited artisanal production by Compañía Minera La Perla S.A. (Minera La Perla), mining with shallow pits in the close to surface portions of the veins. Minera La Perla also developed underground development for mining in the late seventies and early eighties. Several hundred tonnes of mineralization with a high silica content were shipped to the ASARCO smelter at El Paso, Texas to be used as flux material. However, the silver grade of this material is unknown (Carreón, 1978). In 1985, the owner of Minera La Perla decided to close the mines due to the low price of the silver and their advanced age.

There is no evidence of systematic prospecting, sampling, or drilling prior to the exploration work conducted by Sable at the Margarita Project in late 2017 and 2018. The only record of historic sample collection is from Baca Carreón, 1978, a geologist of the Consejo de Recursos Minerales (now Mexican Geological Survey or SGM), where 16 samples along the El Tren/Margarita zone were taken. As a result of the preliminary exploration activities carried out by the SGM, a resource was reported on the Tren/Margarita zone, with an additional potential within the individual vein that was sampled (Carreón, 1978). The historical resource estimates do not comply with current NI 43-101 definitions and will not be discussed further.

Minera La Perla also reported a historic reserve estimate which also, is not compliant with current NI 43-101 definitions and will not be discussed further here.

The Margarita property did not see any exploration/exploitation activity from 1985 to March, 2015, when Radius Gold Inc. (Radius Gold) signed an option to earn a 100% interest in the property. Radius Gold conducted due diligence work, including some chip-rock and chip-channel sampling across the vein (less than 20 samples). Management of Radius Gold decided to relinquish its option in February, 2016 and return the property to the concession owners.

Sable signed an exploration agreement with purchase option to acquire 100% interest in the property on May 30, 2017.

6.2 SABLE EXPLORATION PROGRAM

In September-October, 2017, Sable initiated geological reconnaissance at the Margarita Project, with the purpose of identifying mineralized structures, collecting rock-chip samples on the several quartz-barite veins identified, and confirming the existence of mineralized systems of potential economic interest. A large exposed low to intermediate sulphidation epithermal vein-breccia- stockwork system composed of five mineralized veins was identified, and its current erosion level was interpreted based on the Buchanan model. Later, in May, 2018, and following the reconnaissance program, a detailed mapping and geochemical sampling program was carried out by personnel of Gambusino and Sable to differentiate the distinctive lithological units, identify the hydrothermal alteration and its zoning on the multiple veins present at the property, and identify structures controlling or affecting the host rocks and their relationship with mineralization.

Eighty-two rock-chip samples were collected on the several quartz-barite vein structures identified on the property, of which 41 returned encouraging silver values ranging from 100 up to 1,235 g/t silver, and includes 12 samples ranging from 283 to 465 g/t silver, five samples from 514 to 693 g/t silver, two samples from 865 and 909 g/t silver, and two samples from 1,000 and 1,235 g/t silver. The sampling locations are shown in Figure 6.1.

Fifteen samples returned lead values greater than 1,000 ppm, ranging from 1,165 to 10,070 ppm, and includes five samples ranging from 2,900 to 3,950 ppm lead, two samples from 4,480 and 6,170 ppm lead, and two samples from 10,060 and 10,070 ppm lead. The locations and values of the lead samples are illustrated in Figure 6.2.

Eleven samples returned zinc values greater than>1,000 ppm, ranging from 1,120 to 11,500 ppm zinc, and includes six samples ranging from 2,000 and 5,690 ppm zinc, two samples from 6,890 and 9,640 ppm zinc, and one sample of 11,500 ppm zinc. The location and values of the zinc samples are illustrated in Figure 6.3.

Six samples returned gold values greater than 100 ppb, ranging from 123 to 479 ppb gold, and includes two samples from 187 and 369 ppb gold, and one sample of 479 ppb gold.

Eight samples returned copper values greater than 100 ppm copper, ranging from 100 to 403 ppm copper, and includes two samples from 138 and 267 ppm copper, and one sample of 403 ppm copper.

Figure 6.1
Silver Values in Rock Chip Sampling at the Margarita Project

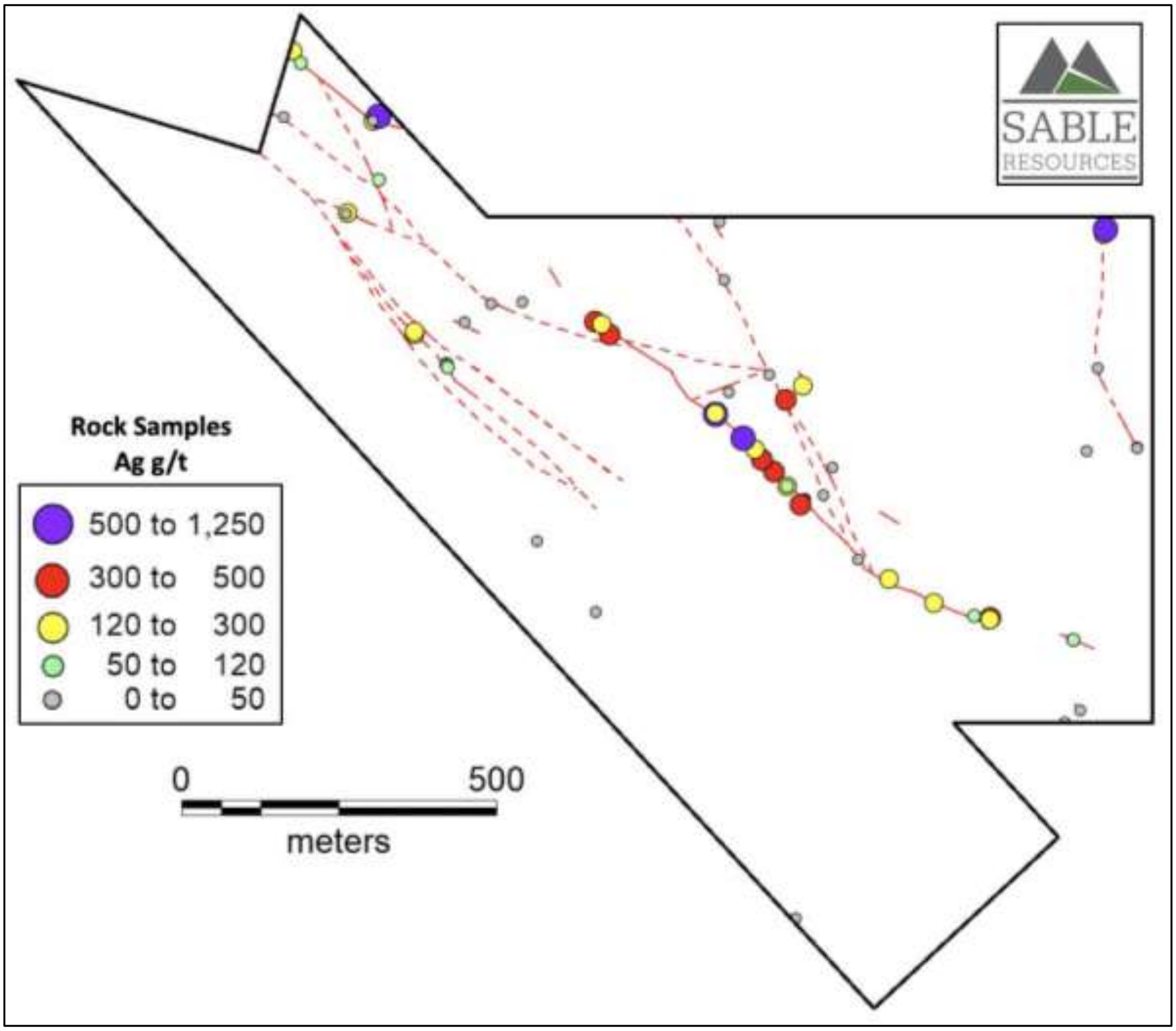


Figure taken from the 2019 Sable Resources Technical Report. North is towards the top of the page in the figure.

Figure 6.2
Lead Values in Rock Chip Sampling at the Margarita Project

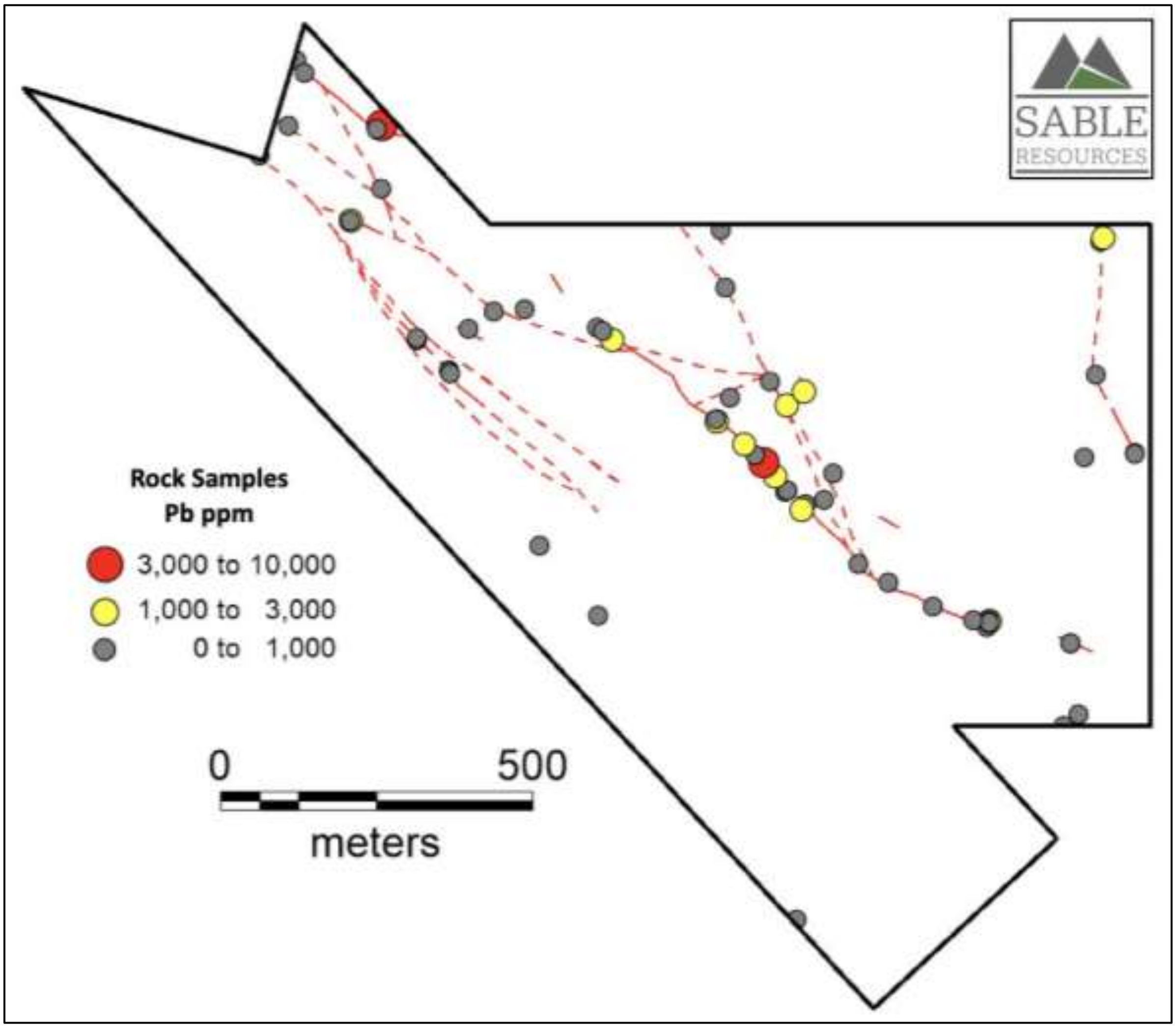


Figure taken from the 2019 Sable Resources Technical Report. North is towards the top of the page in the figure.

Figure 6.3
Zinc Values in Rock Chip Sampling at the Margarita Project

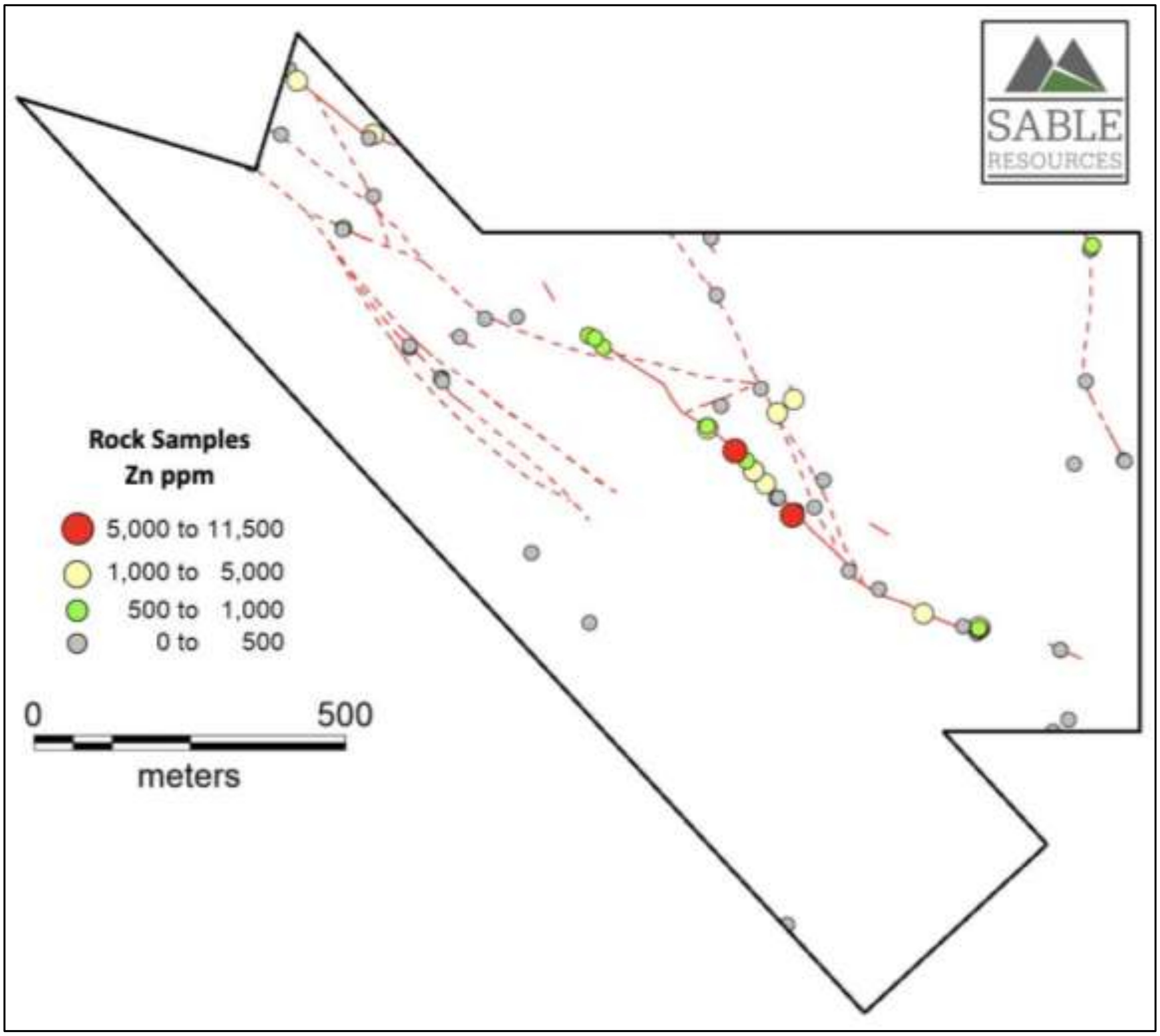


Figure taken from the 2019 Sable Resources Technical Report.

Nineteen samples returned arsenic values greater than 100 ppm, ranging from 103 to 9,030 ppm arsenic, and includes six samples ranging from 1,030 to 3,450 ppm arsenic, two samples from 3,540 and 4,550 ppm arsenic, and one sample of 9,030 ppm arsenic.

Fifty-seven samples returned antimony values greater than 100 ppm, ranging from 101 to 2,210 ppm antimony, and includes twelve samples ranging from 297 to 529 ppm antimony, five samples ranging from 588 to 932 ppm antimony, three samples ranging from 986 to 1,420 ppm antimony, and one sample of 2,210 ppm antimony.

Other two elements that returned high values are barium, with 72 samples greater than 1,000 ppm, ranging from 1,010 to more than 10,000 ppm, and manganese with 56 samples greater than 1,000 ppm, ranging from 1,000 to 19,500 ppm.

6.3 SABLE DRILLING PROGRAM

During the second quarter of 2018, Sable commenced the first ever core drill campaign at the Margarita Project. Drilling commenced in May, 2018 and continued until August, 2018. Drilling began with Servicios Drilling S.A.de C.V., (Servicios Drilling) but the majority of the drilling was completed by Energold de México S.A. de C.V., (Energold) using portable rigs. Drilling was conducted using a wireline rig with diamond core capabilities. Holes began with HQ size and were reduced; to NQ, if difficult drilling conditions were encountered.

During the 2018 drilling campaign, Sable completed 2,420 m of drilling in 12 holes, testing 750 m of the strike length of the Margarita structure. Results of this drill program were disclosed during the period from July to September, 2018.

The results for the 2018 drilling showed close to surface high-grade intersections up to 14.05 m wide (non-true thickness). Highlights included hole M-DDH-18-08, reporting 461 g/t silver equivalent (AgEq) over 14.05m, including 860 g/t AgEq over two metres; hole MDDH-18-11, reporting 252 g/t AgEq over 11.3 m, including 890 g/t AgEq over 1.3 m; and hole M-DDH-18-04, reporting 462 g/t AgEq over 4.25 m, including 1,092 g/t AgEq over 1.5 m. Additionally, larger low-grades halos were intercepted in hole M-DDH-18-12, reporting 37 g/t AgEq over 21.35 m and Hole M-DDH-18-03 reporting 50 g/t AgEq over 44 m.

Based on the encouraging results obtained during its first phase drill program at the Margarita project, Sable decided to execute a second drilling campaign in 2019 that comprised 2,677m in 23 holes. This campaign started in early February and finished late in March, 2019.

A summary of drill hole collar details for the 2018 and 2019 drill programs is presented in Table 6.1. The location of the drill holes from 2018 and 2019 is presented in Figure 6.4.

Table 6.1
Location of Drill Holes from the 2018 and 2019 Campaigns

Hole ID	Easting	Northing	Elevation	Depth	Trend	Plunge
M-DDH-18-01	351573	3058259	2064	340.1	47.0	-45.0
M-DDH-18-02	351992	3058011	2068	352.6	25.0	-50.0
M-DDH-18-03	351101	3058812	2092	359.0	46.2	-45.5
M-DDH-18-04	352082	3058160	2082	143.4	25.0	-45.0
M-DDH-18-05	351702	3058452	2092	158.6	45.0	-51.0
M-DDH-18-06	351876	3058270	2073	201.3	45.0	-45.0
M-DDH-18-07	351675	3058425	2086	152.5	45.0	-48.0
M-DDH-18-08	351848	3058261	2062	152.5	45.0	-53.0
M-DDH-18-09	352053	3058133	2080	250.1	25.0	-60.0
M-DDH-18-10	351785	3058197	2049	222.7	45.0	-60.0
M-DDH-18-11	351493	3058609	2099	97.6	36.6	-45.0
M-DDH-18-12	351441	3058592	2088	180.0	39.6	-48.4

Hole ID	Easting	Northing	Elevation	Depth	Trend	Plunge
M-DDH-19-13	351942	3058221	2078	91.5	40.0	-60.0
M-DDH-19-14	351809	3058368	2063	70.2	40.0	-65.0
M-DDH-19-15	352229	3058136	2076	65.6	40.0	-55.0
M-DDH-19-16	351064	3059029	2081	103.7	40.0	-60.0
M-DDH-19-17	351120	3058971	2070	67.1	40.0	-60.0
M-DDH-19-18	351362	3058781	2135	85.4	40.0	-60.0
M-DDH-19-19	351417	3058711	2121	100.7	31.5	-60.9
M-DDH-19-20	351565	3058583	2104	99.1	40.0	-60.0
M-DDH-19-21	351625	3058513	2105	122.0	40.0	-60.0
M-DDH-19-22	351785	3058340	2058	119.0	40.0	-55.0
M-DDH-19-23	351914	3058187	2072	122.0	40.0	-55.0
M-DDH-19-24	351187	3058881	2109	131.1	40.0	-55.0
M-DDH-19-25	351250	3058807	2125	146.4	40.0	-55.0
M-DDH-19-26	351170	3058621	2080	89.0	40.0	-55.0
M-DDH-19-27	351134	3058590	2075	125.1	40.0	-55.0
M-DDH-19-28	352300	3058470	2188	100.7	60.0	-50.0
M-DDH-19-29	352261	3058777	2132	135.7	60.0	-50.0
M-DDH-19-30	351854	3058595	2125	152.5	225.0	-45.0
M-DDH-19-31	352197	3058097	2067	115.9	40.0	-55.0
M-DDH-19-32	351064	3058774	2069	170.8	40.0	-55.0
M-DDH-19-33	351243	3058545	2070	103.7	40.0	-55.0
M-DDH-19-34	351607	3058492	2098	170.8	40.0	-60.0
M-DDH-19-35	351329	3058751	2128	176.9	34.3	-58.6

Table taken from the 2019 Sable Resources Technical Report.

Figure 6.4
Location of Drill Holes from 2018 to 2019 Campaigns

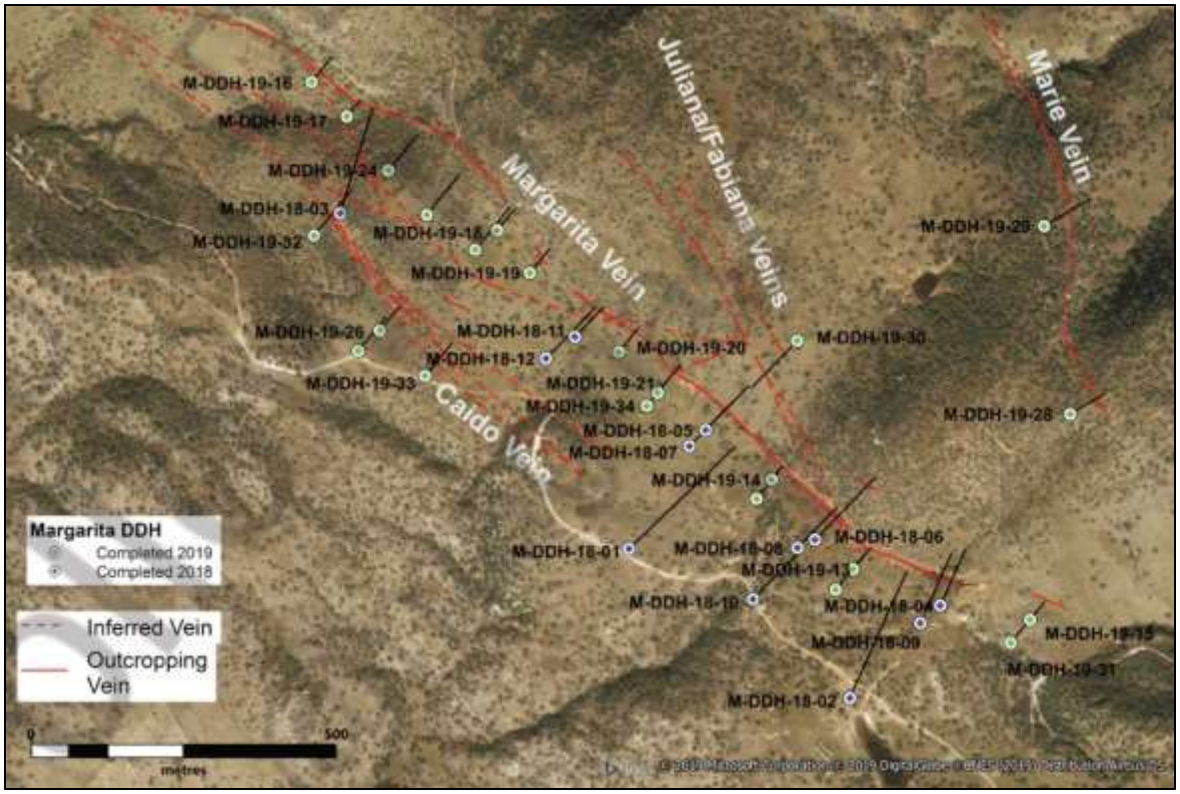


Figure taken from the 2019 Sable Resources Technical Report.

Sable's significant 2019 drill intersections released included:

- Hole M-DDH-19-14, reporting 297.7 g/t AgEq over 33.3 m from 18.75 m to 52.05 m, including 702.13 g/t AgEq over 9.9 m from 33.55 m to 43.45 m.
- Hole M-DDH-19-15, reporting 141.25 g/t AgEq over 4.70 m from 36.90 m to 41.60 m, including 526.78 g/t AgEq over 1.2 m from 39.65 m to 40.85 m.
- Hole M-DDH-19-18, reporting 79.78 g/t AgEq over 30.8 m from 31.20 to 62.0 m, including 186.0 g/t AgEq over 3.7 m from 41.15 to 44.85 m, and 199.0 g/t AgEq over 1.55 m from 59.45 to 61.0 m.
- Hole M-DDH-19-19, reporting 34.77 g/t AgEq over 7.2 m from 26.35 to 33.55 m, and 44.47 g/t AgEq over 54.9 m from 45.75 to 100.65 m, including 237.98 g/t AgEq over 2.05 m from 91.75 to 93.80 m.
- Hole M-DDH-19-20, reporting 102.24 g/t AgEq over 20.6 m from 47.25 to 67.85 m, including, 252.35 g/t AgEq over 5.1m from 50.3 to 55.4m.
- Hole M-DDH-19-21, reporting 129.56 g/t AgEq over 48.65m from 48.95 to 97.6 m, including 221.77 g/t AgEq over 1.0 m from 64.45 to 65.45 m; 428.16 g/t AgEq over 2.85 m from 83.30 to 86.15 m; and 351.21 g/t AgEq over 2.6 m from 89.80 to 92.40 m.

- Hole M-DDH-19-22, reporting 72.93 g/t AgEq over 12.50 m from 39.75 to 52.25 m, including 143.35 g/t AgEq over 4.80 m from 40.95 to 45.75 m; and 175.97 g/t AgEq over 12.80 m from 68.60 to 81.40 m, including 529.24 g/t AgEq over 1.9 m from 75.20 to 77.10 m.
- Hole M-DDH-19-24, reporting 177.05 g/t AgEq over 37.35 m from 74.70 to 112.05 m, including 391.3 g/t AgEq over 0.9 m from 94.30 to 95.20 m and 688.90 g/t AgEq over 5.5 m from 102.70 to 108.25 m, including 1,122.16 g/t AgEq, over 1.65 m from 102.70 to 104.35 m.

Figure 6.5 through Figure 6.8 show various drill sections for Sable's 2018 to 2019 drilling campaigns.

6.4 HISTORICAL MINERAL RESOURCE ESTIMATES

There is a historical mineral reserve estimate prepared by Minera La Perla which conducted limited artisanal production. However, this reserve estimate predates the introduction of CIM Standards and Definitions for Mineral Resources and Mineral Reserves, as well as the introduction of Canadian NI 43-101 regulations by at least a decade. Additionally, the parameters and methods used to estimate these reserves are unknown. Magna has not treated the historical Minera La Perla reserve estimates as current and has not used them as the basis of its exploration programs. Furthermore, all historical mineral resource or reserve estimates are superseded by the current mineral resources discussed in Section 14 of this report, and will not be discussed further in this report.

6.5 HISTORICAL PRODUCTION

No records remain regarding the limited historical mining that has occurred on the Margarita property.

Figure 6.5
Cross-Section looking Northwest. Holes M-DDH-18-10, M-DDH-18-08 and M-DDH-18-06

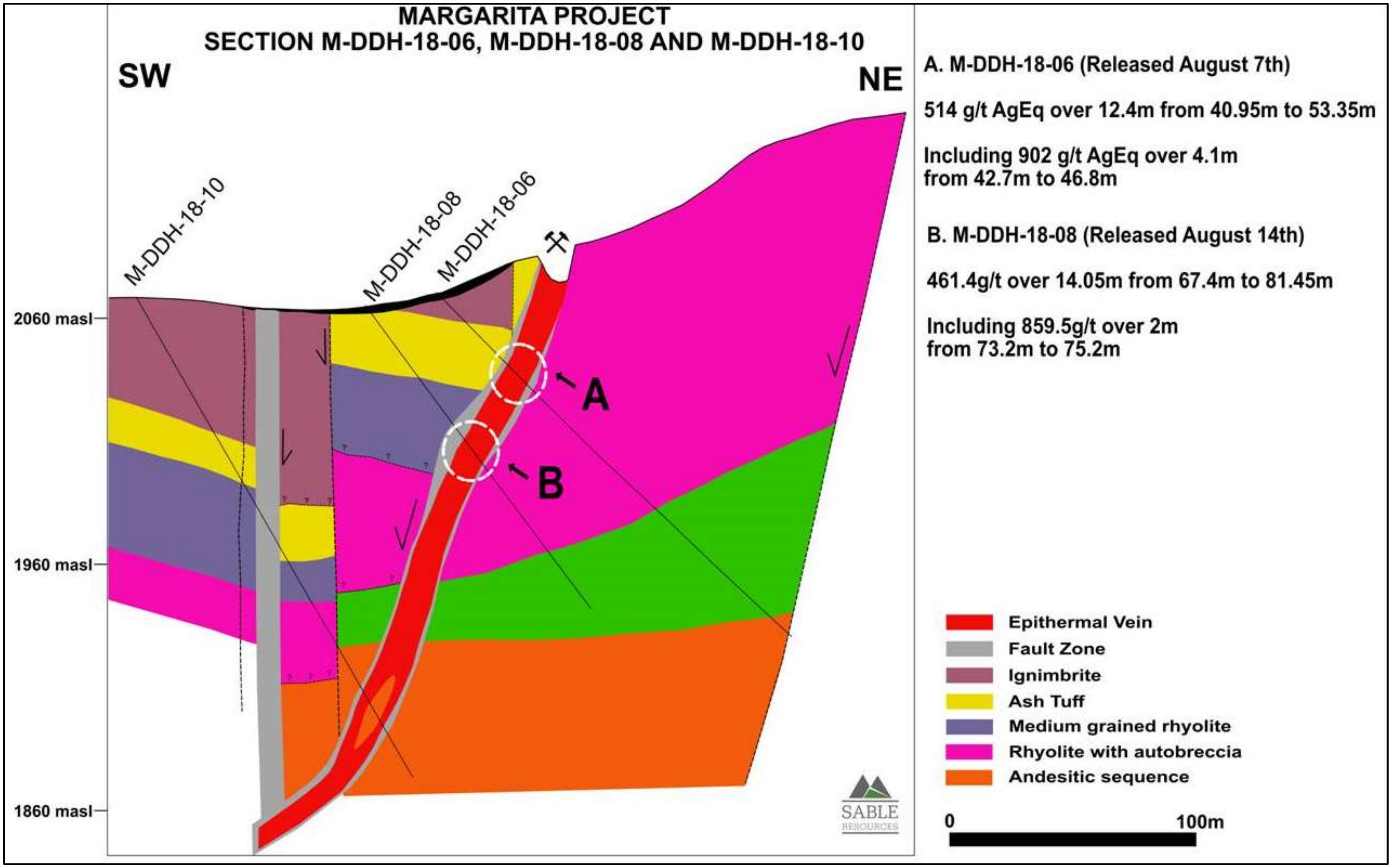


Figure taken from the 2019 Sable Resources Technical Report.

Figure 6.6
Cross-Section looking Northwest. Holes M-DDH-19-22 and M-DDH-19-14

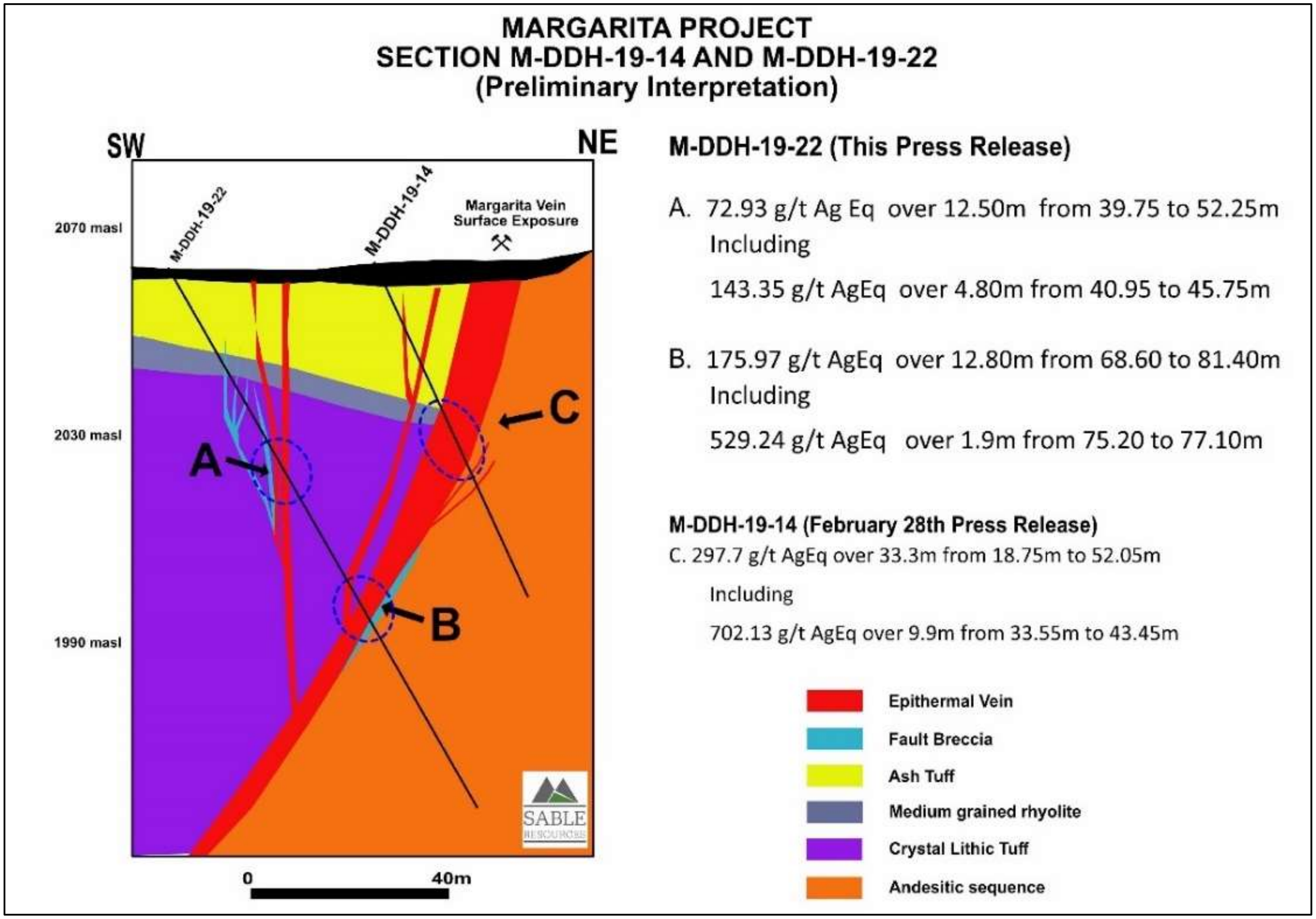


Figure taken from the 2019 Sable Resources Technical Report.

Figure 6.7
Cross-Section Looking Northwest showing 2019 Drill Hole M-DDH-19-21

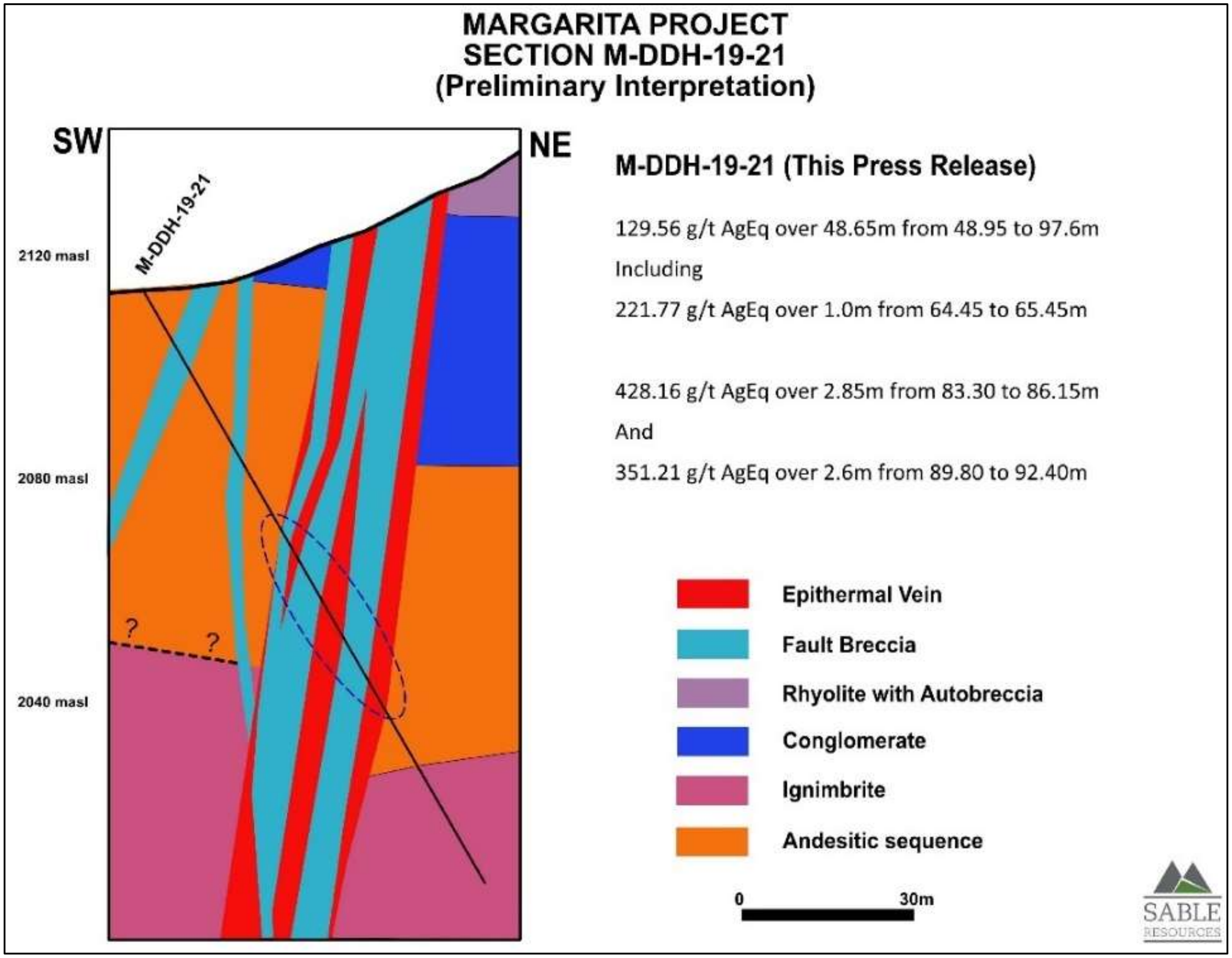


Figure taken from the 2019 Sable Resources Technical Report.

Figure 6.8
Cross-Section Looking Northwest showing 2019 Drill Hole M-DDH-19-24 and M-DDH-19-24

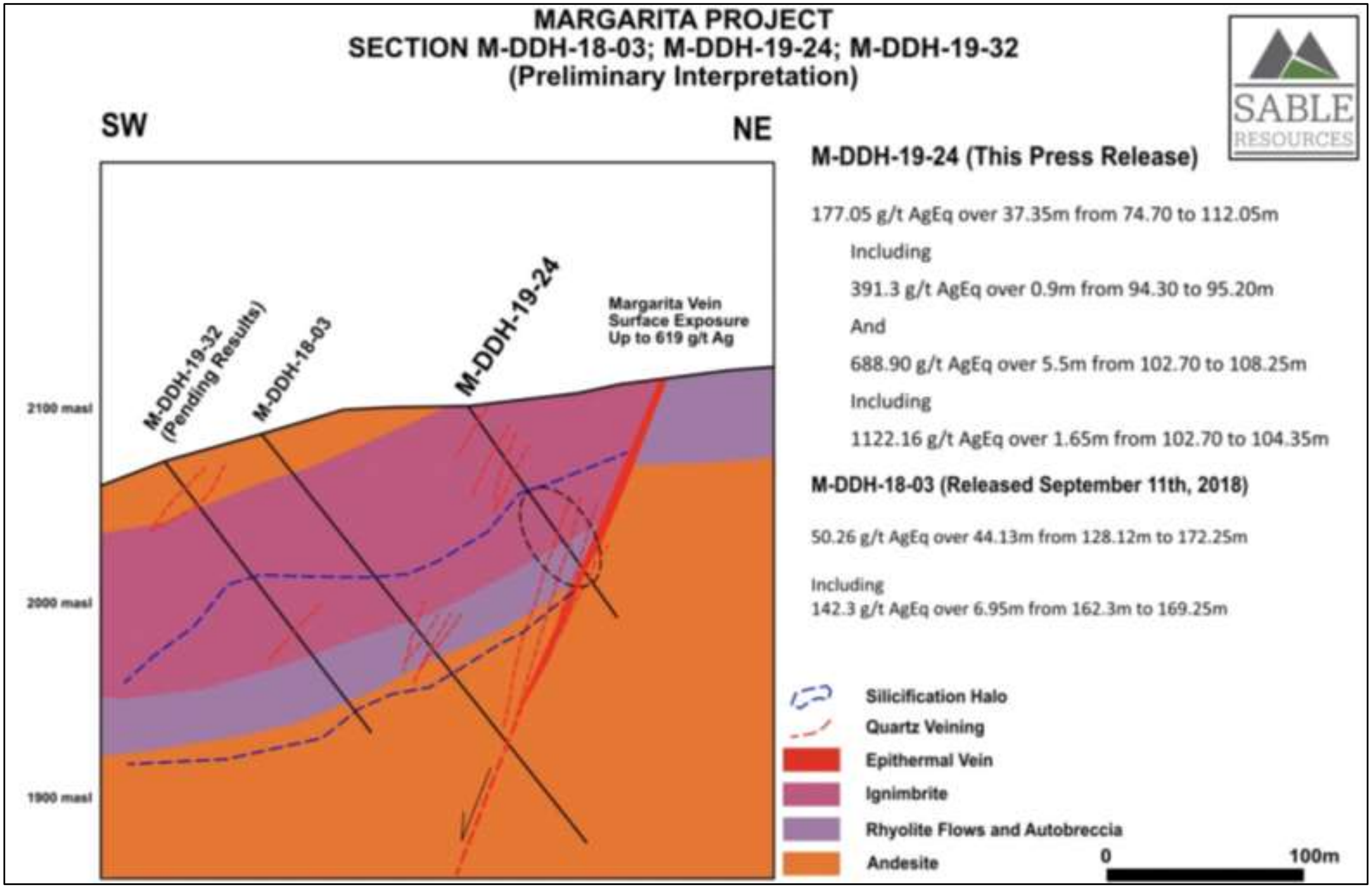


Figure taken from the 2019 Sable Resources Technical Report.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 REGIONAL GEOLOGY

The Margarita Project is located in the south-central portion of the State of Chihuahua, within the Sierra Madre Occidental (SMO) Physiographic Province, close to the boundary with the Llanuras Del Norte Province (Northern Mountains and Plains or Basin and Range). Here, central Chihuahua is underlain by a Precambrian craton called the Chihuahua terrane, although outcrops of pre-Cretaceous rocks are scarce in northern México (McDowell & Mauger, 1994; Hammarstrom et al., 2010; Coney & Campa, 1983). The central portion of the state of Chihuahua is located on the western margin of the Chihuahua trough, a Mesozoic sedimentary basin that includes thick limestones. The basin was inverted by Laramide shortening, culminating between 68 to 56 or 46 million years ago (Ma) in the Paleocene to early Eocene, to form the Chihuahua tectonic belt.

In central Chihuahua, there are extensive outcrops of volcanic rocks of the SMO. The SMO is a northwest-trending belt of continental-margin, calc-alkaline magmatism that was active along the western edge of North America and which is the result of Cretaceous-Cenozoic magmatic and tectonic episodes related to the subduction of the Farallon Plate beneath North America Plate and to the opening of the Gulf of California.

The SMO is the largest silicic igneous province in North America and the largest continuous ignimbrite province in the world, being 200 km to 500 km wide and extending for more than 2,000 km south of the USA-México border to its intersection with the younger Trans-Mexican Volcanic Belt.

Ferrari et al., (2007), summarized the stratigraphy of the SMO in five main igneous complexes:

1. Late Cretaceous to Paleocene plutonic and volcanic rocks.
2. Eocene andesites and lesser dacites and rhyolites; these two igneous complexes are grouped in the so-called Lower Volcanic Complex (LVC).
3. Silicic ignimbrites mainly emplaced during two periods, Oligocene (~32-28 Ma) and Early Miocene (~24-20 Ma) and are grouped into the Upper Volcanic Series (UVS).
4. Transitional basaltic-andesitic lavas that erupted after each ignimbrite pulse and correlated with the Southern Cordillera Basaltic Andesite (SCORBA) of the southwestern USA.
5. Post-subduction volcanism consisting of alkaline basalts and ignimbrites emplaced in the Late Miocene, Pliocene and Pleistocene, directly related to the separation of Baja California from the Mexican mainland.

Calc-alkaline batholiths and stocks of granodiorite-granite composition intrude both volcanic groups. The products of all these magmatic episodes, partially overlapping in space and time, cover a poorly exposed, heterogeneous basement of Precambrian to Paleozoic age in the northern part (Sonora and

Chihuahua), and Mesozoic age beneath the rest of the SMO. Geochemical data show that the SMO rocks are typical of the calc-alkaline rhyolite suite, with intermediate to high K and relatively low Fe content.

7.2 LOCAL AND PROPERTY GEOLOGY

Semi-detailed historical mapping conducted on the Margarita Project has identified two major volcanic sequences, with minor intercalations of sediments and subaqueous tuffs. The lower and older volcanic sequences are dominantly andesitic in composition, while the upper and younger unit is dominantly of rhyolitic composition (Figure 7.1).

Figure 7.1
Geological Map of the Margarita Project along with the Location of 2018 Drill Holes

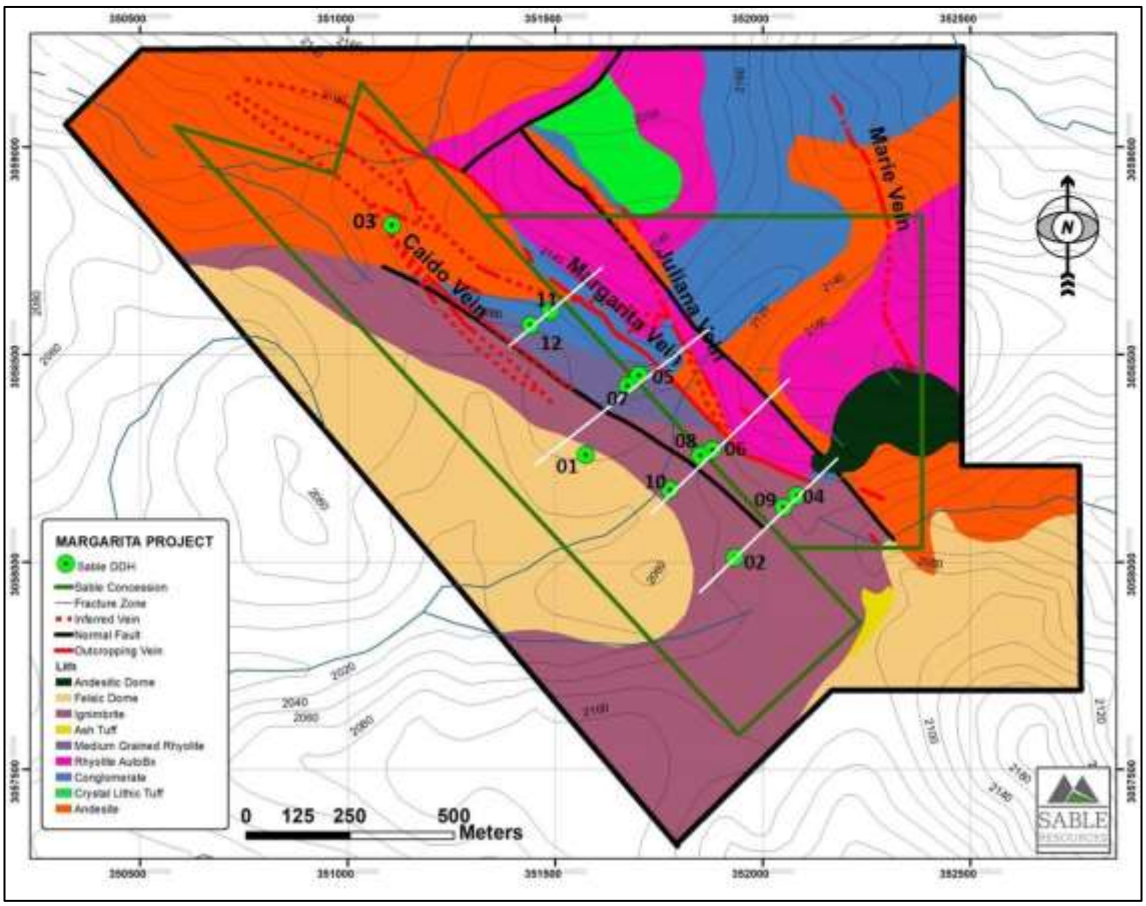


Figure taken from the 2019 Sable Resources Technical Report.

7.2.1 Andesites

This sequence consists of a series of intercalated flows and breccias, displaying textural variations including vesicular and agglomerated horizons. A porphyritic, medium-grained andesite outcrops extensively along the footwall and sometimes on both sides of the Margarita vein. It has abundant plagioclase phenocrysts with minor biotite within a red to purple aphanitic groundmass. The phenocrysts are slightly oriented. The rock is generally magnetic and exhibits strong presence of manganese oxides close to the main structure.

A grey-purple unit of andesitic lapilli size tuffs outcrops extensively on the northwest side of the Labrada creek. The unit shows plagioclase crystals and abundant fragments of andesitic composition.

Intercalated within this sequence are subordinate horizons of:

1. a polymictic breccia including andesite and breccia fragments with sizes generally smaller than 20 cm and a significant proportion of lapilli size fragments.
2. an agglomerate or breccia with mostly block size fragments (>64 mm) which can reach up to 80 cm in diameter of mixed andesitic – rhyolitic composition, sub-rounded to sub-angular in shape, with scanty fine-grained matrix.
3. a volcanic breccia with block size fragments generally smaller than 50 cm.
4. a grey-purple colour trachyandesite and vesicular andesite with patches of chlorite-pyrite alteration. The vesicles are commonly filled by calcite or silica.

7.2.2 Volcanic Sandstones and Conglomerates

Discontinuous sandy/ash tuffaceous horizons seem to be the transition between the andesitic and rhyolitic domains and, although difficult to map, they are observed at several locations and were also intercepted in the drill holes. This unit consists of red sandstone, coarse grained to conglomeratic sandstone rich in quartz grains and abundant rounded fragments of andesite in a sandy and sometimes hematized matrix.

7.2.3 Rhyolitic Sequence

7.2.3.1 Felsic Dome

A felsic sub-volcanic intrusion crops out extensively along the western limit of the Margarita property, and it was intercepted for more than 100 m in the first drill hole (M-DDH-18-01). Megascopically, this unit is a banded rock formed by pink bands richer in K-Feldspar and white bands richer in plagioclase. containing biotite, plagioclase, K-Feldspar and quartz as phenocrysts within an aphanitic groundmass. This felsic banded rock presents consistent northwest strike, dipping southwest with angles between 60° and 80°. The steep dip angle suggests association with a flow dome complex.

7.2.3.2 Ignimbrite

A white-pink coloured lithic-crystal rhyolitic ignimbrite, displaying pseudo-bedding and containing plagioclases, K-feldspars, biotite and quartz phenocrysts, cemented by an aphanitic groundmass, is present south of the Margarita structure. This volcanic unit contains disseminated magnetite, flattened and sub-rounded volcanic clasts both andesitic and rhyolitic in composition, and exhibiting fiamme textures.

7.2.3.3 Ash Tuff

White-gray, fine-grained rhyolitic ash tuff, with small phenocrysts of plagioclases, some biotite crystals, weak presence of quartz "eyes" and minor presence of sub-rounded clasts, crops out at the southeastern portion of the project.

7.2.3.4 Medium Grained Rhyolite

Medium-grained rhyolite tuff, containing crystals of plagioclases, K-feldspars, biotite and quartz, cemented in a glassy red-purple groundmass, outcrops in the central area of the property.

7.2.3.5 Rhyolite Auto-Breccia

A reddish rhyolitic tuff, with associated auto-breccia, K-feldspar and quartz "eyes", as well as a glassy siliceous matrix, outcrops at the upper part of the Margarita ridge.

7.2.3.6 Crystal Lithic Tuff

This sequence of tuff crops out in the north-central part of the Margarita project and consists of K-feldspar, plagioclase and quartz phenocrysts within an aphanitic groundmass.

7.3 MINERALIZATION

Mineralization identified at the Margarita Project consists of a series of quartz-barite-minor calcite epithermal veins-breccias of low to intermediate sulphidation affinity, hosted in volcanic rocks of andesitic and rhyolitic composition. Five veins have been recognized to date (Figure 7.2): Margarita, El Caido, Juliana, Fabiana and Marie. A brief description of the veins is presented below.

7.3.1 Margarita Vein

The Margarita vein is the main structure within the property. The vein is controlled by a normal fault composed of fault breccia and wide halos of fractured rock. The mineralization along the Margarita structure consists of quartz-calcite-barite vein-breccia, hosted in altered (Mn oxides) volcanic rocks of andesitic and rhyolitic composition. The strike varies between 50° to 80° west, the dip from 65° to sub-vertical to the southwest, and the vein can be traced for at least 1.6 km. It is difficult to observe its real width on surface since most of the vein material has been mined out; however, the Margarita structure varies on surface from 1.5 m up to 5 m in width and becomes wider at depth, being intercepted by drilling with up to 14 m in width (non-true thickness). The quartz in the vein-breccia is multi-stage, ranging from fine to coarse grained, crystalline, chalcedonic and saccharoidal with multiple tones of white and greenish, accompanied by calcite and barite as gangue minerals. Bladed, banded, crustiform, colloform, comb and brecciated textures are common in the Margarita vein. Iron and manganese oxides are abundant, and no sulphides were observed on surface, since most of the mined material was within the oxide zone. At depth, the vein contains pyrite, silver sulphosalts, galena and sphalerite. Historical samples collected by Sable at surface on this structure returned values up to 909 g/t silver according to the 2019 Technical Report.

Figure 7.2
Epithermal Vein Systems Identified at the Margarita Project

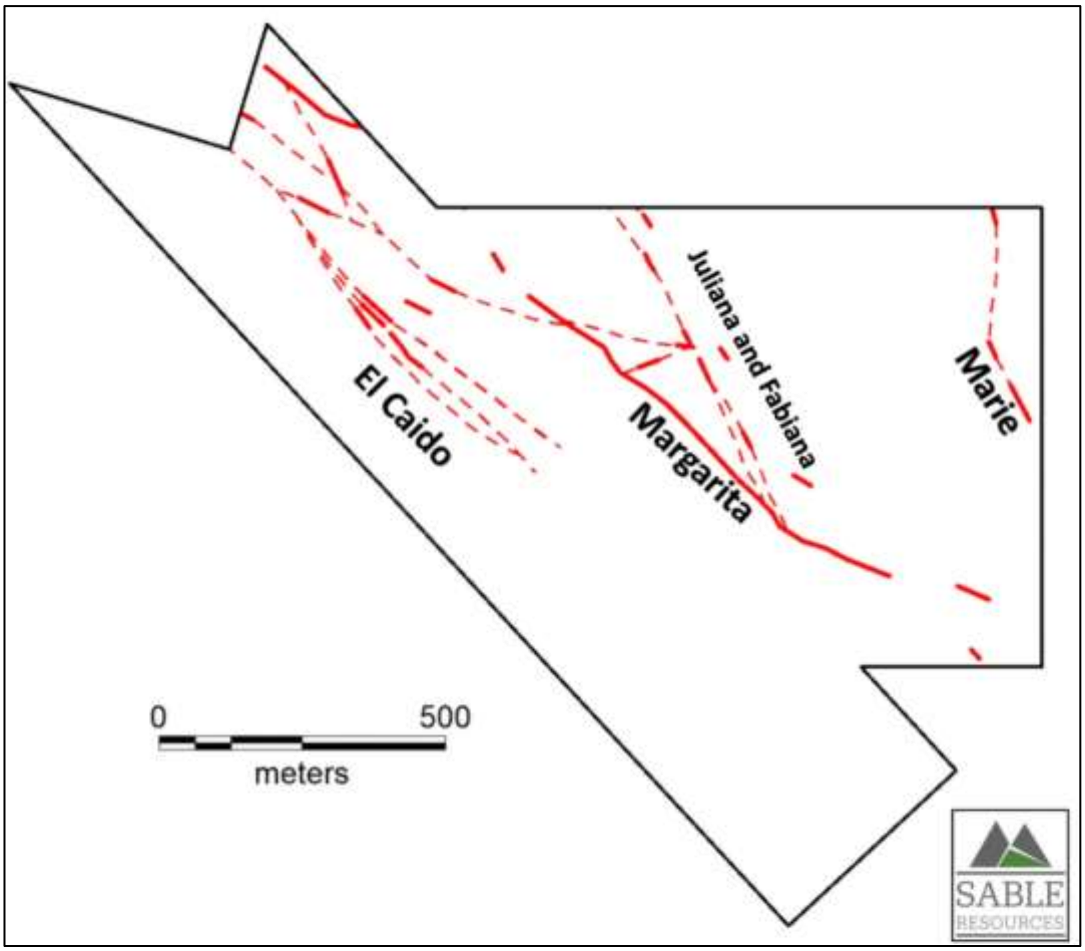


Figure taken from the 2019 Sable Resources Technical Report.

7.3.2 El Caido Veins

The El Caido structure is a secondary braided vein system consisting of four individual quartz-barite minor calcite vein-breccias and stockworks hosted in altered andesites and rhyolites. These outcrop in the hanging wall of the Margarita vein, with a similar strike and dip from 60° to sub-vertical. The El Caido veins vary on surface from 0.5 m up to 2.0 m in width and can be traced on strike for 650 m. The quartz type and textures are similar to those found in the Margarita structure. Historical samples collected by Sable on this vein system returned values up to 174 g/t silver.

7.3.3 The Juliana Vein

The Juliana structure is a vein located in the footwall of the Margarita vein, with a 40° northwest strike direction that can be traced on strike for 650 m. Juliana's surface expression is a narrow quartz-barite vein, varying from 0.3 m up to 1 m in width, and is observed dipping 80° to the northeast; however, the angle changes with depth and should be considered vertical for drilling purposes. Historical samples collected by Sable on this structure returned values up to 405 g/t silver.

7.3.4 The Fabiana Vein

Fabiana structure is a parallel vein to the Juliana vein, separated approximately 15-20 m, in the hanging wall of the Juliana vein.

7.3.5 The Marie Vein

Marie structure is another quartz-barite vein-breccia hosted in andesites and rhyolites which outcrops at the most eastern part of the property. The vein strikes 20° to 30° northwest and can be traced along strike for at least 650 m. Marie's width is variable from 1.6 m of quartz vein to greater than 2 m of breccia zone, with several small-braided veins. The dip of the Marie vein varies along the southwest to northeast strike direction, as well as in the vertical direction, depending on the location. Historical samples collected by Sable on this structure returned values up to 1,235 g/t silver.

Both the Marie and Margarita veins are truncated by a circular feature clearly visible in satellite images and formed by a dark andesitic rock with a flow banded texture and affected by chlorite-epidote alteration. The Margarita vein was located again southeast from this dark andesitic rock. It is unclear if this rock is a lava or a sub-volcanic intrusive, but it appears to post date the mineralization.

7.4 ALTERATION

Although several parts of the Margarita Project are covered, historical observations have been sufficent to build a simple and preliminary model of lateral alteration zoning. Figure 7.3 shows a schematic cross-section southwest-northeast along La Labrada creek and perpendicular to the different veins, with the distribution of alteration zones. Some of the relevant assemblages observed are:

- The El Caido vein shows weak argillic alteration (kaolinite) on its footwall and kaolinite with weak chalcedonic silica and calcite on its hanging wall.
- The Margarita vein shows kaolinite-smectite with calcite and weak chalcedonic silica on its distal hanging wall, passing to kaolinite plus iron oxides (after sulphides) on its proximal

hanging wall; and strong manganese oxides with quartz and chalcedonic silica veining on its footwall.

- The Juliana and Fabiana veins crop out very close to Margarita vein, approximately 70 m at the La Labrada creek section, and the zone in between is strongly altered with manganese oxides forming a black crust over the outcrops and permeating through fractures and matrix; strong quartz veining is also observed in this zone. The eastern side of these veins shows moderate quartz veining.
- The Marie vein is characterized by a large zone of kaolinite, silicification and iron oxides after pyrite on its western side, whereas the eastern side shows green argillic alteration, conformed by illite, smectite, and Fe oxides after sulphides.

Figure 7.3
Distribution of Alteration Zones at the Margarita Project

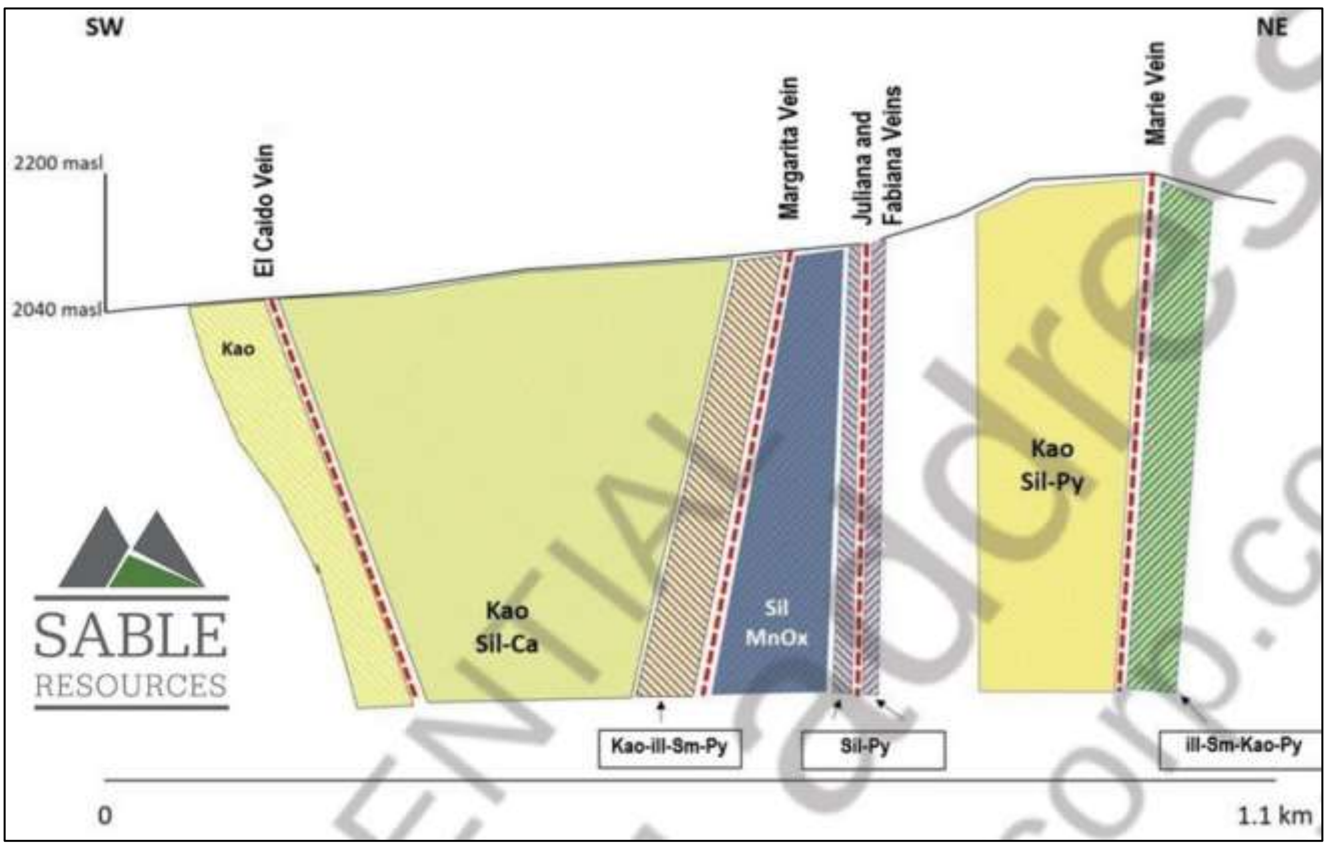


Figure taken from the 2019 Sable Resources Technical Report.

8.0 DEPOSIT TYPES

The style of mineralization observed at the Margarita Project is classified as volcanic-hosted low to intermediate sulphidation epithermal vein and breccia type, similar in style to the Mexican deposits of Guanajuato, Zacatecas, Fresnillo and Pachuca.

The Margarita vein systems contain quartz-barite-minor calcite veins and breccias carrying high-grade silver values, as well as interesting anomalous values of lead and zinc and pathfinder elements, such as arsenic and antimony.

Epithermal deposits have been described by several authors such as Henley & Ellis (1983), Heald et al. (1987), Buchanan (1981), Hedenquist et al. (2000), and Hedenquist and White (2005). Epithermal gold-silver deposits form in the near-surface environment from hydrothermal systems, typically within the first 1.5 km of the Earth's surface (Taylor, 2007). They are commonly classified in three subtypes: high-sulphidation, intermediate sulphidation, and low-sulphidation; each one with characteristic occurrences, alteration assemblages, textures, metals and associated geochemical elements.

The Buchanan Epithermal Vein Model describes the metal deposition process for a typical epithermal vein system hosted in volcanic rocks. Buchanan was able to describe the metal deposition sequence by identifying the spatial relationships between mineral assemblages, alteration patterns and ore controls. He also recognized that the interface between the precious metals and the base metals represents the level at which episodic boiling of the metal-bearing fluids occur. Boiling causes first the base metals, then silver sulphides, and later gold to deposit in a well-defined temporal and vertical sequence. The highest gold-silver grades are often found immediately above the boiling horizon, whereas the higher base metal and lower (or absent) precious metal grades are beneath the boiling horizon. Episodic sealing of the fracture system, followed by a build-up of pressure and re-boiling of the solutions, gives rise to the brecciation and banded vein fillings that are commonly observed in this kind of deposits.

No paleo-surface or shallow features are preserved at the Margarita project, such as silica sinters or a steam-heated acid-leach cap, indicating that about 200 m has been eroded from the top of the hydrothermal system. Figure 8.1 shows the Buchanan model and the interpreted current erosion level of the Margarita Project, which corresponds to the Precious Metal Horizon (Bonanza Zone), above the boiling level.

Three classes of epithermal deposits are recognized, including high-sulphidation, intermediate sulphidation and low-sulphidation (Hedenquist et al, 2000; Hedenquist and White, 2005). Overlapping characteristics and gradation between epithermal classes may occur within a district or even within a single deposit. Table 8.1 summarizes the characteristics of the epithermal classes.

The low and intermediate-sulphidation epithermal gold and silver deposits are generally characterized by open space filling and quartz-carbonate veining, stockworks and breccias, with gold and silver mineralization often in the form of electrum, argentite and pyrite with lesser and variable amounts of sphalerite, chalcopyrite, galena, rare tetrahedrite and sulphosalts minerals, which form in high-level to near-surface environments.

Figure 8.1
Buchanan Model and the Interpreted Current Erosion Level of the Margarita Project

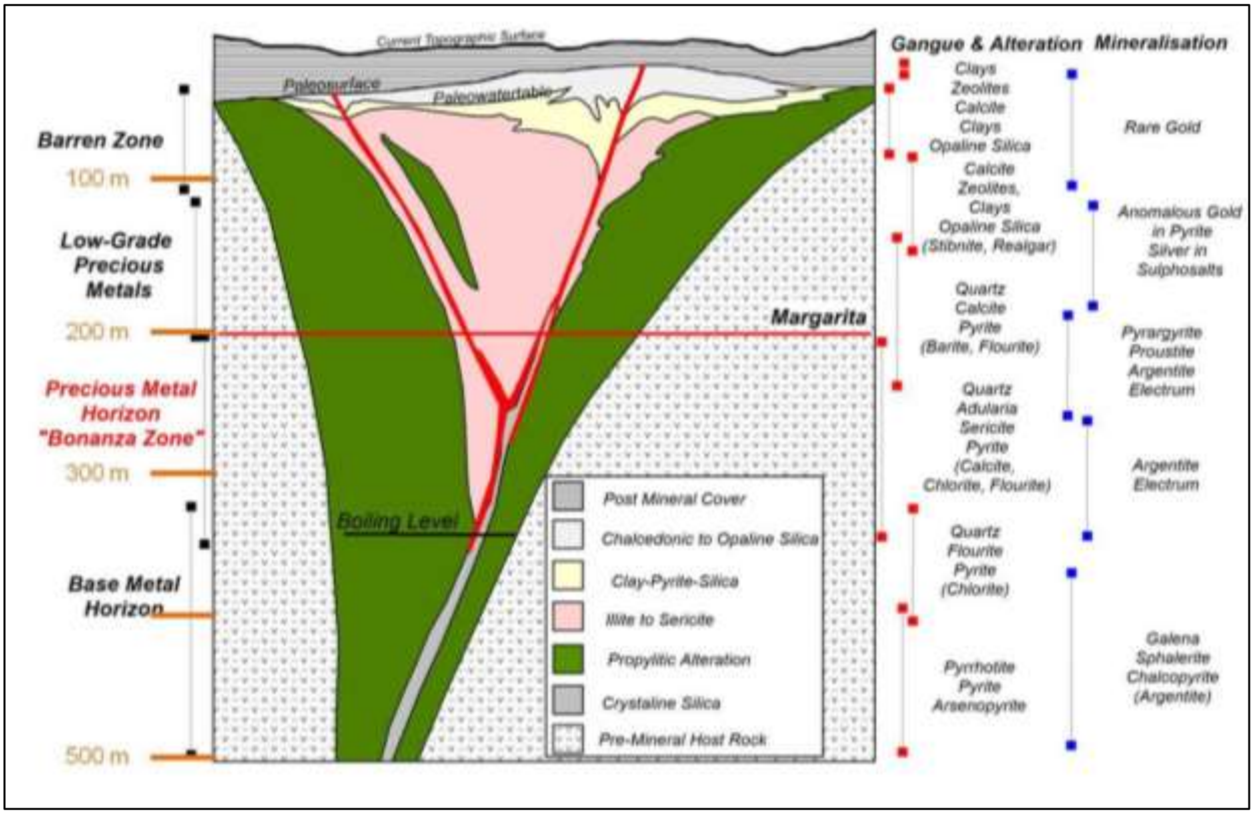


Figure taken from the 2019 Sable Resources Technical Report which was compiled from Hedenquist et al., 2000; Hedenquist and White, 2005.

Table 8.1
Characteristics of Epithermal Deposit Classes

Description	Low-sulphidation	Intermediate-sulphidation	High-sulphidation
Metal Budget	Au - Ag, often sulphide-poor	Ag - Au ± Pb - Zn; typically, sulphide-rich	Cu - Au - Ag; locally sulphide-rich
Host Lithology	Bimodal basalt-rhyolite sequences	Andesite-dacite; intrusion centred district	Andesite-dacite; intrusion centred district
Tectonic Setting	Rift (extensional)	Arc (subduction)	Arc
Form and Style of Alteration/Mineralization	Vein arrays; open space veins dominant; disseminated and replacement ore minor;	Vein arrays; open space veins dominant; disseminated and replacement ore minor; stockwork ore common;	Veins subordinate, locally dominant; disseminated and replacement ore

Description	Low-sulphidation	Intermediate-sulphidation	High-sulphidation
	stockwork ore common; overlying sinter common; bonanza zones common.	productive veins may be km-long, up to 800 m in vertical extent.	common; stockwork ore minor.
Alteration Zoning	Ore with quartz-illite adularia (argillic); barren silicification and propylitic (quartz-chlorite calcite ± epidote) zones; vein selvedges are commonly narrow.	Ore with sericite-illite (argillic-sericitic); deep base metal-rich (Pb-Zn ± Cu) zone common; may be spatially associated with HS and Cu porphyry deposits.	Ore in silicic core (vuggy quartz) flanked by quartz-alunite kaolinite (advanced argillic); overlying barren lithocap common; Curich zones (enargite) common.
Vein Textures	Chalcedony and opal common; laminated colloform-crustiform; breccias; bladed calcite (evidence for boiling).	Chalcedony and opal uncommon; laminated colloform crustiform and massive common; breccias; local carbonaterich, quartz-poor veins; rhodochrosite common, especially with elevated base metals.	Chalcedony and opal uncommon; laminated colloform-crustiform veins uncommon; breccia veins; rhodochrosite uncommon.
Hydrothermal Fluids	Low salinity, near neutral pH, high gas content (CO2, H2S); mainly meteoric.	Moderate salinities; near neutral pH	Low to high salinities; acidic; strong magmatic component?
Examples	McLaughlin, CA; Sleeper and Midas, NV; El Peñón, Chile; Hishikari, Japan.	Arcata Peru; Fresnillo México; Comstock NV; Rosia Montana Romania.	Pierina Peru; Summitville CO.

Table taken from the 2019 Sable Resources Technical Report which was compiled from Hedenquist et al., 2000; Hedenquist and White, 2005.

The epithermal veins form when carbonate minerals and quartz precipitate from a cooling and boiling alkali-chloride fluid. Alkali-chloride geothermal fluids are formed from magmatic gases and convecting groundwater and are near neutral in composition. These fluids form convection currents in the upper crust, perhaps over a 10 km deep vertical interval, and can transport gold, silver and other metals that are leached out of the rock and concentrated within the fluids. At roughly a 2 km depth, these fluids begin to boil, releasing CO_2 and H_2S (carbon-dioxide and hydrogen-sulphide). Both of these new separated gases form separate fluids, each forming alteration zones with distinct mineralogy (Hedenquist et al, 2000).

Above the water table, H_2S condenses in the vadose zone to form a low-pH, H_2SO_4 (hydrogen-sulphate) dominant acid sulphate fluid (Hedenquist and White, 1990).

These fluids can result in widespread tabular steam-heated alteration zones dominated by fine grained kaolinite and alunite. Steam-heated waters collect at the water table and create aquifer controlled stratiform blankets of dense silicification, known as silica caps (Hedenquist et al, 2000). Since neither the gases nor the sulphuric acid transports gold, the silica cap and overlying kaolinite alteration are usually devoid of gold and silver (Hedenquist et al, 2000).

Bicarbonate fluids are the result of the condensation of CO_2 in meteoric waters. These fluids are also barren of gold and silver and generally form carbonate dominated alteration on the margins of the geothermal cell.

As the source alkali chloride fluids boil and cool, quartz and carbonate deposit in the fractures along which the fluids are ascending to form banded carbonate-quartz veins. Gold and silver present within the fluids also precipitate in response to the boiling of the fluids. K-feldspar adularia is also a common mineral that deposits in the veins in response to boiling. As carbonate and quartz precipitate, individual fractures can be sealed and the boiling fluids must then find another weak feature to continue rising. Gases which accumulate beneath the sealed fractures cause the pressure to increase until the seal is broken. This results in a substantial change in pressure which propagates catastrophic boiling, in turn causing gold, bladed calcite and amorphous silica to precipitate rapidly. Once the fluids return to equilibrium, the quartz crystals again precipitate under passive conditions and seal the veins again until the process recurs. This episodic sealing and fracturing results in the banded textures common in these vein systems.

These deposits form in subaerial, dominantly felsic volcanic fields, in extensional and strike-slip structural regimes; and island arc or continental andesitic stratovolcanoes above active subduction zones. Near-surface hydrothermal systems, ranging from hot-spring at surface to deeper, structurally and permeability focused fluid flow zones are the sites of mineralization (Figure 8.2). Mineral deposition takes place as the solutions undergo cooling and degassing by fluid mixing, boiling and decompression.

Low to intermediate-sulphidation and epithermal veins in México typically develop a subhorizontal mineralized horizon about 300 m to 600 m in vertical extent, where the bonanza grade mineralized shoots have been deposited due to boiling of the hydrothermal fluids.

Figure 8.2
Schematic Cross-Section of an Epithermal Gold-Silver Deposit

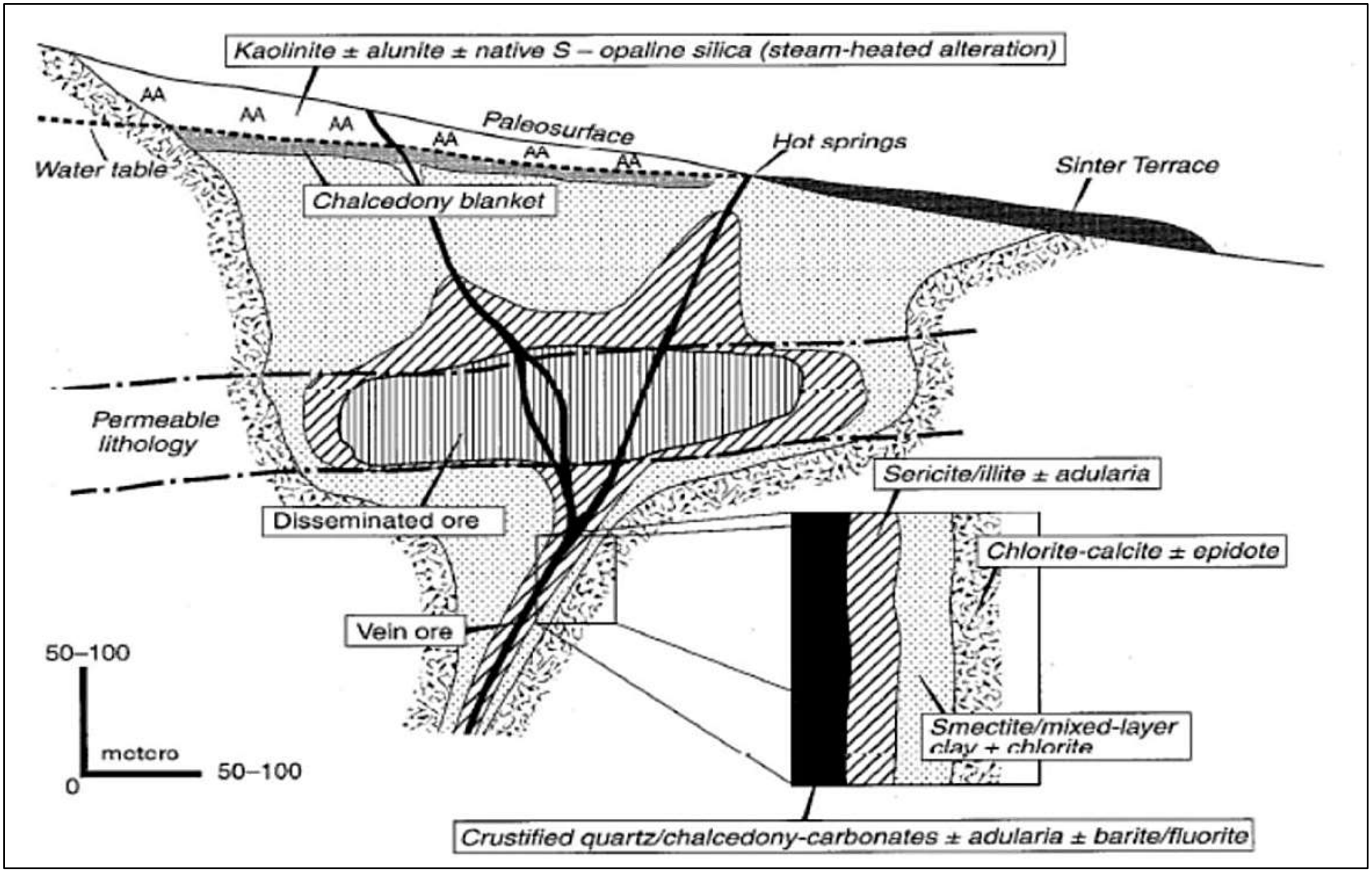


Figure taken from the Sable 2019 Technical Report (Hedenquist et al, 2000).

9.0 EXPLORATION

9.1 GENERAL EXPLORATION PROGRAM NOTES

The previous project operator, Sable, conducted several exploration activities in the property, prior to initiating a drilling campaign. Exploration work included rock-chip sampling and geological mapping of the main mineralized structures. All of the information generated by Sable was transferred to Magna, once it acquired the property. Additional exploration work, such as more detailed surface mapping, trench sampling and geophysical and topographic surveys were completed by Magna during 2021 and 2022. Sable's exploration programs are discussed in Section 6.0 of this Technical Report.

This section describes Magna's exploration program which was conducted in 2021 and the first part of 2022.

9.2 MAGNA EXPLORATION PROGRAMS

9.2.1 Topographic Survey

Magna commissioned the Mexican company GeoDigital International Inc. (GeoDigital) to complete two topographic surveys in 2021 and 2022. The first survey was completed in 2021, with the objective of setting an accurate web of control points for topographic survey support and obtaining the coordinates of the drill hole collars. Base coordinates were established on an arbitrary selected point, identified as a BASE MARG, which was surveyed in Static Mode, while simultaneously referenced to the fixed station of INEGI (Mexican National Instate of Geography and Informatic), and identified as ICHI, located in the city of Chihuahua. The historical drill hole collars were located on the ground, and later surveyed applying an RTK survey methodology, with the use of a double frequency TRIMBLE 5800 GPS/WAAS/EGNOS, entering the information in the application Trimble Access (GeoDigital, 2021).

Five ground control points were set and surveyed, to establish a network of accurate points to control future georeferencing and orthorectification of the stereo, high-resolution satellital imagen, used to generate the surface topography in the area of the Project. Points were physically installed using a white, biodegradable fabric, with a central black mark, fixed to the ground with a steel stick. Each one of the ground marks was surveyed, applying the static method, with use of a high precision equipment TRIMBLE 5800 GPS/WAAS/EGNOS. Data were later processed using the software Trimble Business Center (TBC) (GeoDigital, 2021B).

A total of 9 control points were built and surveyed, taking as a reference the official cement monument set as the principal point for the mining claim. The nine control points were surveyed applying static methodology with a high-resolution GNSS equipment and, later, the data were processed using software TBC. Holes drilled by Magna between 2021 and 2022 were surveyed in RTK mode, with direct data obtained by use of the application ReachVew 3. For both the control points and the drill hole collar survey, GeoDigital used the EMLID REACH RS2, GNSS RTK multiband equipment (GeoDigital, 2022).

All data were provided to Magna with datum WGS 84, Zone 13, and referenced to the geoidal model EGM96 (Global). The geoid is a model of global mean sea level that is used to measure precise surface elevations.

9.2.2 Geophysics Survey

Zonge International, Inc. (Zonge) was commissioned by Magna to conduct a geophysical survey along the main mineralized structures at the Margarita Project. The geophysical survey field work was conducted between November 10 and December 7, 2021, with the data processing released in a document prepared by Zonge, dated in December, 2021. All the following information was extracted from Zonge's report.

Zonge performed a geophysical survey applying the techniques of Controlled-Source Audio-Frequency Magnetotellurics (CSAMT) and a Complex Resistivity and Induced Polarization (CRIP). CSAMT data acquisition included measurements on lines 9400-10600, for a total of 16.8 line-km of data coverage. CRIP data acquisition included measurements on line 10000 for a total coverage of 2.4 line-km. Survey lines are displayed in Figure 9.1.

9.2.2.1 CSMAT

CSAMT data acquisition included measurements along lines 9400-10600 at the Margarita Project. Data were collected as a series of 6 electrical dipoles (Ex) and one magnetic reading (Hy) along lines, with an e-field dipole size of 25 m.

A grounded-dipole transmitter was used as signal source, located approximately 6 km to the northwest of line 10000. The grounded-dipole position was established by Zonge personnel using a Garmin hand-held GPS, model 64SX. This system provides a two to five metre accuracy under standard operating conditions.

9.2.2.2 CRIP

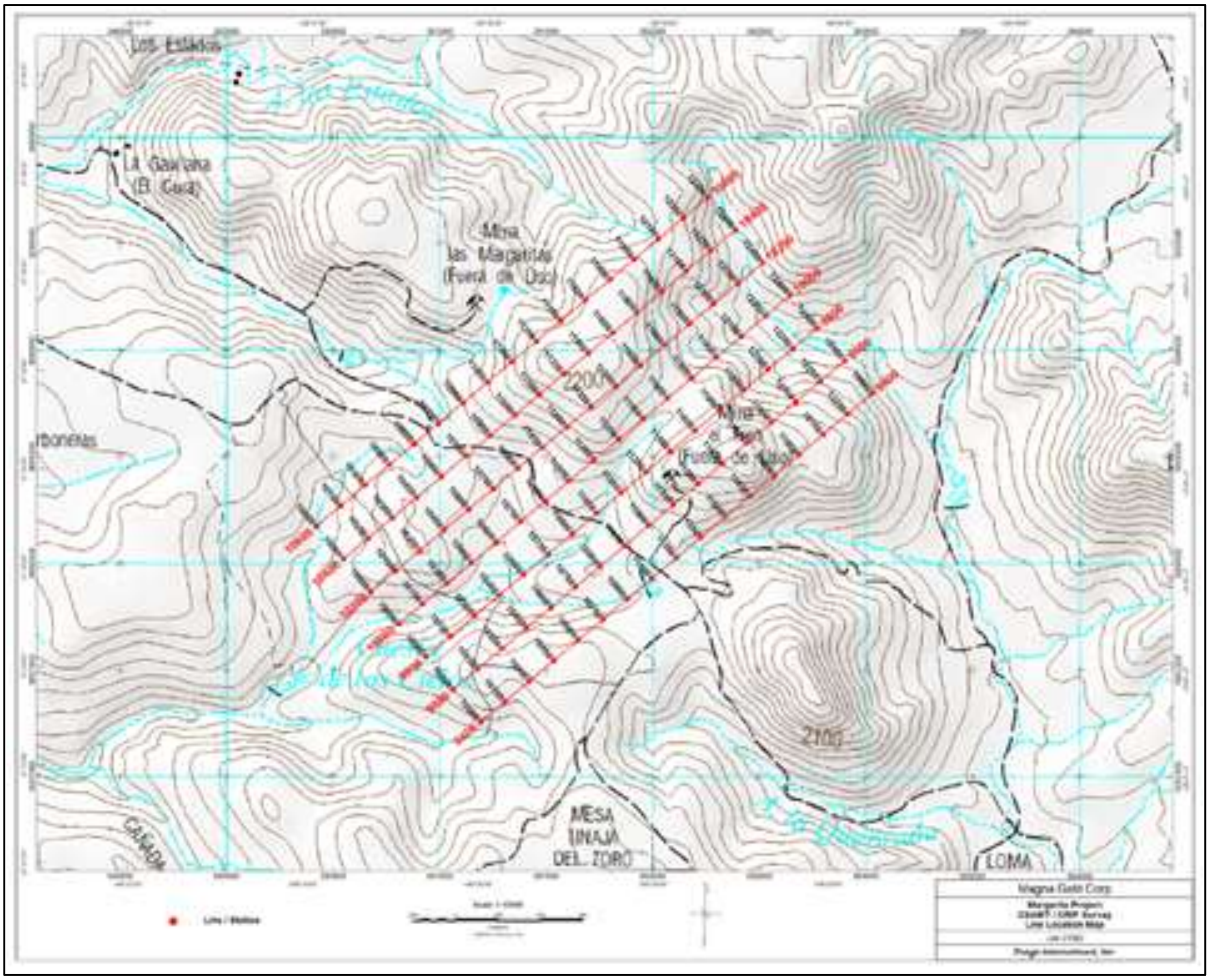
CRIP data included measurements along line 10000 at the Margarita Project. Data were collected with a 150-m dipole size and the pole-dipole array, with continuous coverage down to n=8 and partial n=15 at the centre of the line.

Current electrodes along the line consisted of 1-2 aluminum foil pits soaked with saltwater at each transmitter station. Electrodes were connected to the transmitter with 14-gauge wire.

Collected data were processed by the experienced personnel of Zonge, starting with a review and data validation, removing data that may produce noise during processing. Data were processed using a series of computer programs owned by Zonge (CSAVGW, ASTATIC SCS2D). CRIP data were input into

TS2DIP for two-dimensional smooth-model inversions of the IP and resistivity data. Processed data were transferred into a GESOFT Montaj TM formats.

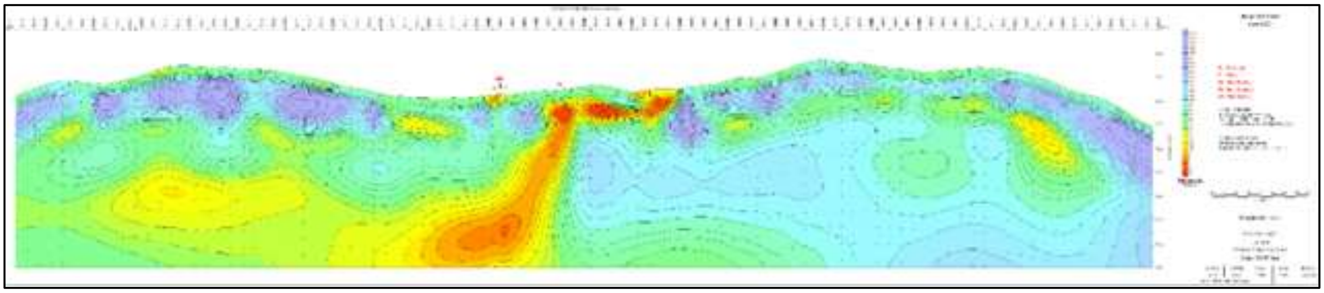
Figure 9.1
2021 Zonge Geophysical Survey Lines



Zonge, 2021. North is towards the top of the figure.

The CSMAT data have been inverted for a two-dimensional resistivity structure using the program SCS2D developed by Zonge, to create a Smooth-Model Inversion. Data were presented as a series section of resistivity versus depth (Figure 9.2).

Figure 9.2
CSMAT. 2D Smooth-Model Inversion



Zonge, 2021.

Final apparent resistivity and 3-point IP phases were used for computing inversion model depth cross-sections. The IP and resistivity cross-sections are 2-D Smooth-Model inversion results of the program TS2DIP developed by Zonge (Figure 9.3).

Zonge applied different techniques for Quality Control of data collected, including taking multiple measurement during field operation, and use of Plots of Cagniard resistivity and impedance phase curves are further used to determine data quality.

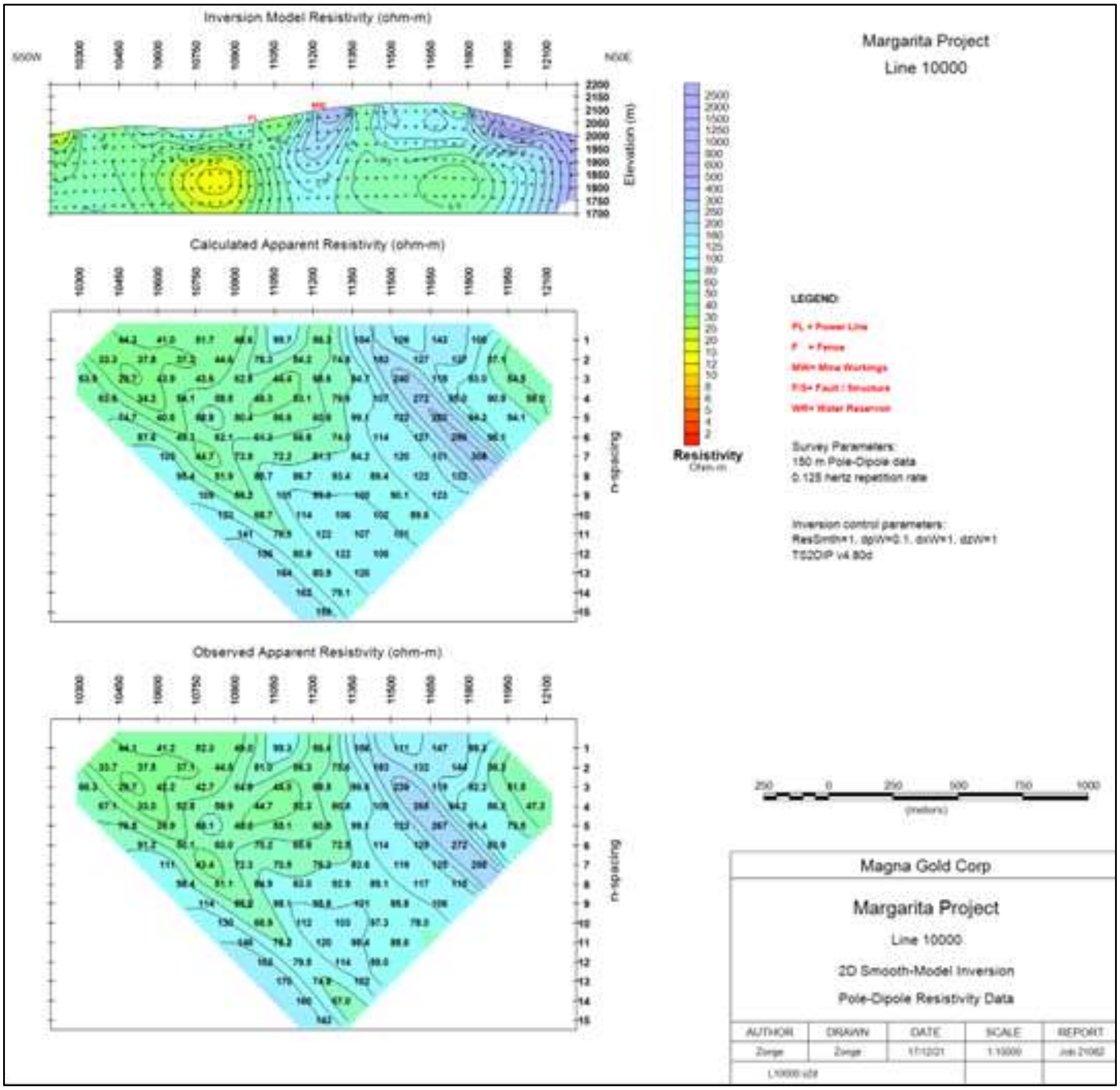
The results of the geophysical survey contributed to verify the extension of the main mineralized structure, as well as to define the main structural behavior to depth.

9.2.3 Surface Trenching and Detailed Mapping

Magna completed a detailed surface mapping program along the main mineralized structures, as well a as systematic detailed sampling program with the opening of exploration trenches (Figure 9.4). Thirty trenches, ranging between 1.5 and 26.10 m in length, perpendicular to the main structures, were excavated using a backhoe for a total of 316.10 m in length. Figure 9.5 is a photograph taken during the site visit of one of the trenches which was mapped and sampled in detail. Due to the morphology of the area and previous mining workings, some of the trenches were limited in extent. The trenches and sample locations within them were surveyed by a professional surveyor, using a differential GPS system.

A total of 185 channel samples were collected along the opened trenches. Assays reported silver values ranging between 0.07 and 943 ppm, with average value of 80.5 ppm. Table 9.1 summarizes the silver assays from the trench sampling conducted by Magna.

Figure 9.3
2D Smooth-Model Inversion Pole-Dipole IP Data



Zonge, 2021

Figure 9.4

Map Showing the Distribution of Trenches and Detail Mapping of Along Margarita Vein

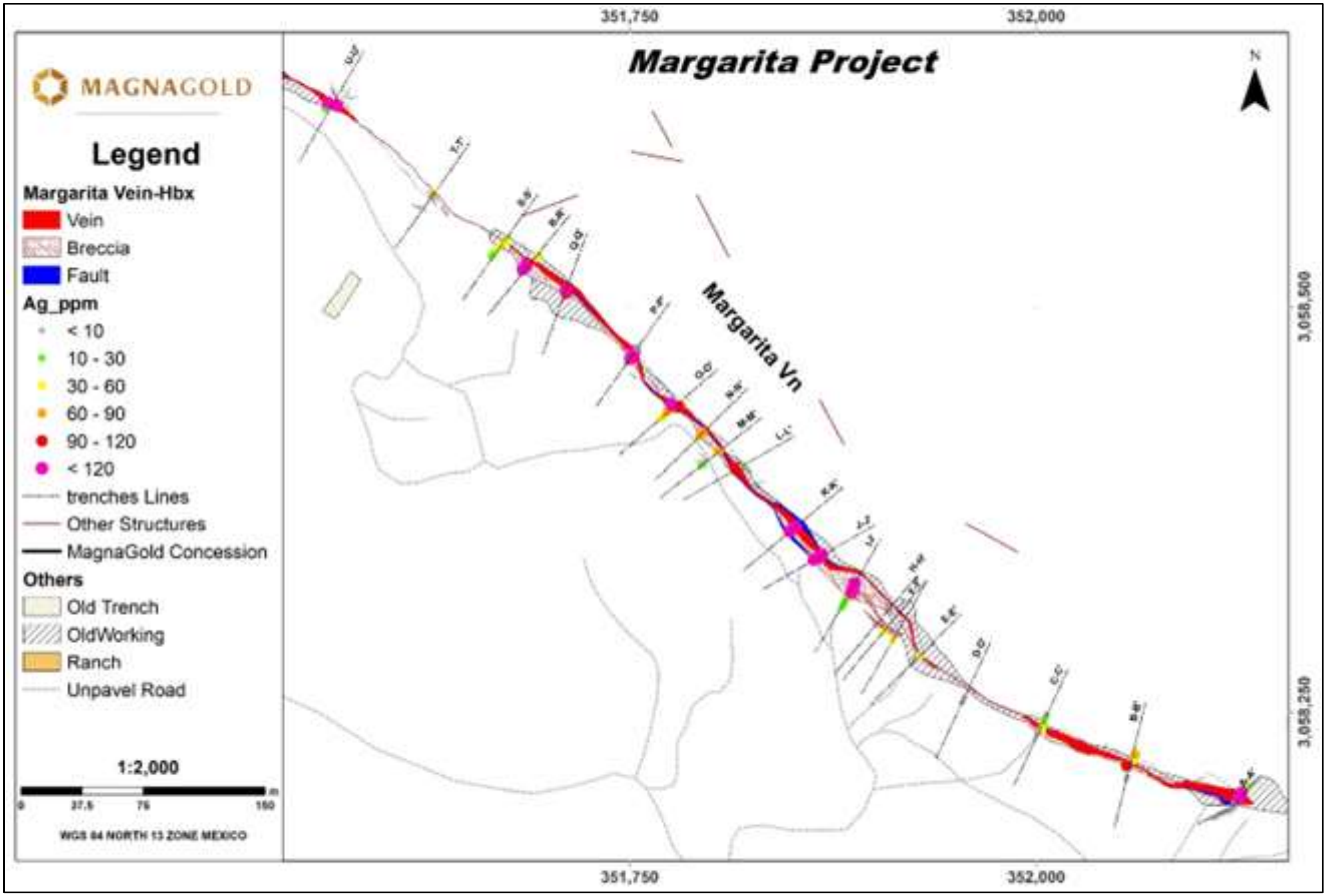


Figure provided by Magna, April, 2022.

Figure 9.5
Surface Exploration Trench across the Mineralized Vein

Micon, 2022.

Table 9.1
Silver Assays for Samples Collected from Surface Trenches

Trench ID	No. Samples	Trench Length (m)	Minimum (ppm)	Maximum (ppm)	Average (ppm)
A-A´	17	26.1	0.07	636	46.65
B-B´	7	14.0	3.29	107	46.61
C-C´	9	16.2	1.16	35.6	13.87
D-D´	2	4.0	0.44	0.44	0.44
E-E´	4	6.8	3.53	30.2	13.53
F-F´	2	3.0	5.04	33.1	23.75
G-G´	3	4.0	2.71	50.8	18.58
H-H´	1	1.5	1.99	1.99	1.99
I-I´	10	16.9	14.1	943	195.19
J-J´	4	7.4	253	472	370.65
K-K´	4	6.9	125	431	250.80
L-L´	4	6.8	8.14	98.2	59.93
M-M´	7	11.5	4.49	88.9	43.24

Trench ID	No. Samples	Trench Length (m)	Minimum (ppm)	Maximum (ppm)	Average (ppm)
N-N´	9	14.7	15.9	249	74.27
O-O´	7	10.6	2.55	308	110.33
P-P´	3	5.1	53.8	440	204.69
Q-Q´	7	11.2	8.76	287	78.50
R-R´	8	13.5	21.8	43.3	27.71
S-S´	8	14.5	6.68	277	67.27
T-T´	3	4.5	3.6	77.4	24.58
U-U´	7	10.9	17.5	274	88.74
V-V´	5	7.3	13.8	165	92.47
W-W´	4	5.5	37.8	433	158.55
X-X´	6	12.0	27.5	259	109.80
Y-Y´	8	14.6	5.09	132	51.44
Z-Z´	8	15.0	0.58	1.22	0.84
AA-AA´	10	19.0	1.22	316	62.48
AB-AB´	8	14.7	17.8	144	71.12
AC-AC´	7	14.0	21.7	66.7	34.67
AD-AD´	3	3.9	33.7	120	72.31
TOTAL	185.0	316.1	0.07	943	80.50

Table provided by Magna, April, 2022.

9.3 MICON QP COMMENTS

Micon's QP has reviewed the exploration programs conducted by Magna and believes that they have been conducted according to the 2019 CIM Best Practices Guidelines. Micon's QP has also reviewed the information and results related to the trenching and sampling program and believes that this information is of sufficient quality that it can be used to assist with outlining and estimating the mineral resources described in Section 14.0 of this Technical Report.

10.0 DRILLING

10.1 GENERAL DRILLING PROGRAM NOTES

The first drilling campaign reported at the Margarita Project was performed between 2018-2019 by Sable; which completed a total of 35 diamond drill holes. After Magna acquired the property, it reviewed the data from Sable and then conducted an extensive drill campaign in 2021, completing this campaign in 2022. In total, Magna drilled an additional 43 diamond drill holes. Table 10.1 summarizes the general information from the two drilling campaigns. Figure 10.1 is a photograph showing the location monument for one of Sable's drill holes.

Table 10.1
Drill Campaigns Completed at the Margarita Project

Operator	Drill Company	Type of Drill Hole	Year	Number of Holes	Total Metres
Sable	Servicios Drilling and Energold	DDH	2018-2019	35	5,275
Magna	Globexplore Drilling S.A. de C.V.	DDH	2021-2022	43	8,298
Total:				78	13,573

Figure 10.1
Collar Evidence of the Diamond Drill Hole Completed by Sable

Micon, 2022.

In addition to the 78 drill holes, the current data set used for the resource estimation includes information from the 30 surfaces trenches completed by Magna.

All of the information generated by Sable was transferred to Magna, once it acquired the property. Upon receipt of Sable's database, Magna completed a professional survey of Sable's drill hole collars The updated location coordinates are summarized in Table 10.2. Additionally, some of the hole depths previously reported were corrected upon a review and re-logging of the core completed by the geological personnel of Magna.

Table 10.2
General Data for Holes Drilled by Sable 2018-2019 (Updated by Magna)

Drill Hole ID	Easting	Northing	Elevation (masl)	Depth (m)	Azimuth	Inclination
M-DDH-18-01	351,572.63	3,058,259.31	2,064.29	340.05	47.00	-45
M-DDH-18-02	351,991.85	3,058,010.90	2,067.86	352.60	25.00	-50
M-DDH-18-03	351,101.31	3,058,811.96	2,092.08	359.00	45	-45
M-DDH-18-04	352,082.09	3,058,160.21	2,082.29	143.35	25.00	-45
M-DDH-18-05	351,701.89	3,058,451.78	2,091.71	158.60	45.00	-51
M-DDH-18-06	351,876.18	3,058,269.80	2,072.68	201.30	45.00	-45
M-DDH-18-07	351,674.67	3,058,424.87	2,086.45	152.50	45.00	-48
M-DDH-18-08	351,848.00	3,058,261.33	2,062.08	152.50	45.00	-53
M-DDH-18-09	352,053.14	3,058,132.53	2,079.98	250.10	25.00	-60
M-DDH-18-10	351,784.55	3,058,196.90	2,049.23	222.65	45.00	-60
M-DDH-18-11	351,492.53	3,058,609.21	2,099.31	97.60	48	-50
M-DDH-18-12	351,440.65	3,058,591.64	2,088.23	179.95	45.00	-50
M-DDH-19-13	351,942.18	3,058,220.92	2,077.71	91.50	40.00	-60
M-DDH-19-14	351,809.46	3,058,368.20	2,062.97	70.15	40.00	-65
M-DDH-19-15	352,229.19	3,058,136.49	2,076.03	65.55	40.00	-55
M-DDH-19-16	351,063.95	3,059,029.32	2,080.58	103.70	40.00	-60
M-DDH-19-17	351,119.86	3,058,971.05	2,069.85	67.10	40.00	-60
M-DDH-19-18	351,361.56	3,058,780.63	2,134.68	85.40	40.00	-60
M-DDH-19-19	351,416.84	3,058,711.26	2,121.42	100.65	50	-50
M-DDH-19-20	351,565.19	3,058,583.00	2,104.19	99.10	40.00	-60
M-DDH-19-21	351,625.16	3,058,513.29	2,104.61	122.00	40.00	-60
M-DDH-19-22	351,784.70	3,058,339.77	2,057.74	118.95	40	-55
M-DDH-19-23	351,913.76	3,058,187.26	2,071.72	122.00	40.00	-55
M-DDH-19-24	351,186.68	3,058,880.54	2,108.82	131.10	40.00	-55
M-DDH-19-25	351,249.87	3,058,807.39	2,125.22	146.40	40.00	-55
M-DDH-19-26	351,169.64	3,058,620.88	2,079.97	89.00	40.00	-55
M-DDH-19-27	351,133.86	3,058,589.81	2,075.18	125.05	40.00	-55
M-DDH-19-28	352,300.00	3,058,470.00	2,187.70	100.65	60.00	-50
M-DDH-19-29	352,261.00	3,058,777.00	2,131.85	135.70	60.00	-50

Drill Hole ID	Easting	Northing	Elevation (masl)	Depth (m)	Azimuth	Inclination
M-DDH-19-30	351,854.00	3,058,595.00	2,124.70	152.50	225.00	-45
M-DDH-19-31	352,197.20	3,058,096.52	2,067.20	115.90	40.00	-55
M-DDH-19-32	351,063.76	3,058,773.52	2,069.08	170.80	40.00	-55
M-DDH-19-33	351,242.82	3,058,545.02	2,069.92	103.70	40.00	-55
M-DDH-19-34	351,607.24	3,058,492.30	2,098.35	170.80	40.00	-60
M-DDH-19-35	351,328.99	3,058,751.23	2,127.65	176.90	40.00	-60

Table provided by Magna, April, 2022.

10.2 MAGNA DRILLING PROGRAM (2021 – 2022)

Magna initiated an intensive drilling campaign late in 2021 and early 2022, completing 43 holes. The work was conducted by Globexplore Drilling S.A. de C.V. (Globexplore), which used two portable rigs (Figure 10.2). The drilling company set up a temporary camp on site, which was used by Magna's geological staff as facilities for core-logging and sampling and field offices. This allowed Magna's staff to supervise the drilling program while it was in progress.

Figure 10.2
Portable Diamond Drill Hole Rig used during the 2021-2022 Campaign

Micon, 2022.

Drill hole locations were selected using a preliminary model generated from the information collected by Sable, and the information obtained by field mapping of the main structures. The planned drill holes were located in the field by a professional surveyor.

Hole location, azimuth and Inclination were set by a project geologist using a compass, and a double verification process. The drilling direction and inclination were measured by drillers using a REFLELX device, with first readings generally at 25 m, 50 m and 100 m. Below 100 m the readings were taken every 50 m. All drilled holes are HQ in diameter.

A total of 8,298 m of core drilling was completed during the 2021-2022 campaign. Table 10.3 summarizes the hole locations and general data for Magna's program. Drill hole collar monuments were placed at each hole, using a 6" PVC pipe fixed to the ground with a cement plaque (Figure 10.3).

Table 10.3
Summary of the Drill Hole Locations and General Data for the 2020-2021 Program

Drill Hole ID	Easting	Northing	Elevation (masl)	Depth (m)	Azimuth	Inclination
MAR-21-001	351,659.72	3,058,477.61	2,098.68	132.00	52	-46
MAR-21-002	351,763.31	3,058,387.66	2,067.69	150.00	52	-49
MAR-21-003	351,816.49	3,058,303.10	2,056.57	231.00	51	-43
MAR-21-004	351,631.72	3,058,539.29	2,111.33	102.00	50	-44
MAR-21-005	351,468.71	3,058,662.45	2,110.87	132.00	49	-48
MAR-21-006	351,360.26	3,058,718.61	2,124.08	150.00	50	-49
MAR-21-007	351,553.92	3,058,538.72	2,092.35	150.00	49	-44
MAR-21-008	351,388.33	3,058,746.71	2,130.65	132.00	48	-49
MAR-21-009	351,722.44	3,058,418.84	2,082.20	201.00	49	-49
MAR-21-010	351,118.74	3,058,914.95	2,086.99	140.00	50	-50
MAR-21-011	351,305.01	3,058,792.88	2,134.44	123.00	47	-50
MAR-21-012	351,438.18	3,058,683.42	2,114.16	135.00	48	-51
MAR-21-013	351,902.89	3,058,244.03	2,076.78	151.00	52	-51
MAR-21-014	351,089.06	3,058,998.21	2,072.83	81.00	48	-51
MAR-21-015	351,518.84	3,058,575.15	2,091.47	153.00	52	-56
MAR-21-016	351,747.42	3,058,310.19	2,058.90	201.00	49	-49
MAR-21-017	351,684.25	3,058,386.85	2,079.00	201.00	48	-51
MAR-21-018	351,572.72	3,058,488.17	2,089.96	181.00	48	-61
MAR-21-019	351,724.63	3,058,355.33	2,069.02	182.00	49	-50
MAR-21-020	351,808.78	3,058,367.29	2,063.00	72.00	39	-65
MAR-21-021	351,492.01	3,058,608.51	2,099.42	102.00	34	-65
MAR-22-022	351,781.92	3,058,272.95	2,050.83	306.00	50	-45
MAR-22-023	351,625.23	3,058,401.43	2,084.18	300.00	46	-49
MAR-22-024	351,600.35	3,058,446.31	2,090.33	300.00	47	-45
MAR-22-025	351,514.72	3,058,505.51	2,075.59	300.00	49	-45
MAR-22-026	351,430.36	3,058,630.51	2,099.19	180.00	45	-45
MAR-22-027	351,396.83	3,058,670.45	2,111.14	180.00	51	-50
MAR-22-028	351,018.70	3,059,056.17	2,083.56	102.00	48	-50
MAR-22-029	351,271.74	3,058,767.15	2,123.70	156.00	54	-49
MAR-22-030	351,323.71	3,058,689.89	2,116.94	213.00	48	-50
MAR-22-031	351,136.29	3,058,845.49	2,103.26	222.00	48	-49

Drill Hole ID	Easting	Northing	Elevation (masl)	Depth (m)	Azimuth	Inclination
MAR-22-032	351,198.22	3,058,826.69	2,116.00	171.00	54	-50
MAR-22-033	351,643.03	3,058,355.75	2,076.68	270.00	48	-50
MAR-22-034	351,685.16	3,058,321.95	2,068.66	252.00	49	-51
MAR-22-035	351,815.99	3,058,239.25	2,054.96	201.00	49	-54
MAR-22-036	351,293.44	3,058,718.07	2,117.51	252.00	51	-56
MAR-22-037	351,480.62	3,058,542.50	2,075.97	201.00	49	-50
MAR-22-038	351,032.97	3,059,017.03	2,069.84	120.00	49	-61
MAR-22-039	351,978.88	3,058,177.13	2,077.72	150.00	50	-50
MAR-22-040	351,861.86	3,058,210.08	2,064.38	201.00	49	-51
MAR-22-041	351,070.62	3,058,928.72	2,079.34	162.00	50	-55
MAR-22-042	351,515.33	3,058,375.47	2,076.41	507.00	46	-46
MAR-22-043	351,515.07	3,058,375.16	2,076.36	450.00	45	-59

Table provided by Magna, April, 2022.

Figure 10.3
Collar Monuments for the Drill Holes Completed by Magna

Micon, 2022.

10.3 MICON QP COMMENTS

Micon's QP has reviewed the drilling program conducted by Magna and believes that it has been conducted according to the 2019 CIM Best Practices Guidelines. Micon's QP has also reviewed the information and results obtained from the drilling campaign and believes that this information is of sufficient quality that it can be used as the basis for outlining and estimating a mineral resource. Micon's QP believes that Magna will be able to outline the extent of the mineralization at the Margarita Project through further drilling campaigns, using similar practices and techniques to those used during its recent campaign.

11.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

All of the data in the database used for the current resource estimation come from the drilling and surface sampling from the campaigns completed by Sable Resources (2018-2019) and Magna (2021-2022). Information related to the exploration activities completed by Sable was extracted from the Technical Report prepared by consulting geologist Leonardo de Souza, dated April 10, 2019. Information related to the 2021-2022 drill campaign completed by Magna was collected during the site visit in early 2022, and from data provided by Magna. These data constitute the information that support the resource estimation discussed in this Technical Report.

11.1 SABLE 2018 - 2019 SAMPLE PREPARATION, ANALYSES AND SECURITY PROCEDURES

Sable engaged the services company, Gambusino Prospector (Gambusino) to conduct its exploration program and drilling campaigns during 2018 and 2019. Sampling procedures applied by Gambusino are not available. After the property was acquired, the geology staff of Magna conducted an extensive re-logging and re-sampling process.

11.1.1 Sable Sampling Procedures

During the 2022 site visit completed by Micon, two of the holes drilled by Sable were reviewed. The core boxes contain half of the core from the holes and continue to be well preserved (Figure 11.1). Core boxes are properly marked, with information related to the hole ID and core intervals, with a wood marker showing depths and basic recovery parameters. Sample intervals are still preserved within the inner insert in each core box. Core was split with use of a saw, following an adequate orientation, considering pseudo-bedding and/or mineral structures.

Figure 11.1
Core Boxes for Drill Hole M-DDH-18-11, Drilled by Sable in 2018

Micon, 2022.

11.1.2 Sable Sample Security

All sampling and sample supervision were conducted by Gambusino's and Sable's geologists. Duplicates, blanks and standard samples were inserted into the sampling stream at the end of each day, if required, and sealed in the polyweave bag. These polyweave bags were placed in secure storage until such time as Gambusino's geologist was able to deliver the shipment to the ALS sample preparation laboratory in Chihuahua. Rock samples were shipped or delivered in batches to the ALS facility in Chihuahua. A sample list was included with each shipment and the laboratory confirmed the sample list upon sample arrival.

11.1.3 Sable Sample Preparation

Sample preparation was carried out by ALS Chemex de México SA de CV, a subsidiary of ALS Minerals (ALS), at its preparation laboratory at Chihuahua. ALS is an internationally recognized assay service provider, and its laboratories are certified by the Standards Council of Canada Associated Laboratories. ALS preparation laboratories meet all requirements of ISO/IEC 17025:2017 and ISO 9001:2015. Certification.

Sample preparation was by drying in an oven at a maximum temperature of 60°C, fine crushing of the sample to at least 70% passing 2 mm, sample splitting using a riffle splitter, and pulverizing a 250 g split to at least 85% passing 75 microns (code PREP-31). Pulps were shipped to the ALS laboratory in North Vancouver, BC, Canada for assay analyses. The Vancouver ALS laboratory meets all requirements of ISO/IEC 17025:2017 and ISO 9001:2015. certification.

11.1.4 Sable Sample Analysis

At the ALS laboratory in North Vancouver, the samples were analyzed using the following geochemical procedures:

- Gold was analyzed by fire assay on 30 g sample split, with detection by inductively coupled plasma atomic emission spectroscopy (ICP-AES) (code Au-ICP 21).
- Multi-elements were analyzed by a four acid digestion (HF, $HClO_4$, HNO_3, and HCl).
- Near total digestion of a 0.25 gram subsample, with detection by inductively coupled plasma mass spectrometry (ME-MS61) for 48 elements (Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, and Zr).
- Samples with values greater than 100 ppm Ag, 1% Pb and 1% Zn, were analyzed by a four acid, near total digestion, with detection by inductively coupled plasma atomic emission spectroscopy (ICP-AES) (codes Ag-OG61, Pb-OG62, and Zn-OG62 respectively).

11.2 2020 - 2021 Magna Sample Preparation, Analyses and Security

An intensive core drilling campaign was completed between 2021-2022 by Magna, accompanied by a systematic surface trench sampling program along the exposure of the main mineralized structure.

11.2.1 Magna Surface Sampling

A total of 30 trenches were excavated with a backhoe, perpendicular to the strike of the main mineralized structure. Each trench was sampled, with use of a handheld-electric diamond saw, chisel and hammer, at an average interval of 1.5 m. The length of the trench samples was adjusted according to relevant geological features, such as geological contacts, structures and/or alteration. Samples were collected between two diamond saw lines which were approximately 10 cm apart, with the sample extracted using a chisel and hammer. Samples were collected on a canvas tarpaulin or groundsheet on the ground, to minimize contamination. Later, the sample was transferred into heavy duty plastic bags, previously marked with the sample number, using a permanent marker pen. An aluminum tag and a piece of flagging tape, with sample ID was placed at the location of each extracted sample (Figure 11.2). Once the sampling was completed, the sample location was surveyed using a differential GPS, by a professional surveyor.

Figure 11.2
Surface Channel Sampling

Micon, 2022.

11.2.2 Magna Drill Core Sampling

The drill program completed by Magna in 2021-2022 was designed following a review of the information provided by Sable. Drill hole locations were selected based on a preliminary model generated using the information obtained from Sable. Programmed hole sites were located in the field by a professional surveyor, using a differential GPS unit and setting a wood picket at each of the selected locations. Project geologists were provided with a cross-section, prepared by the planning team, along each of the programmed holes, to act as the basic guide as to where the expected intersection of main mineralized structures would occur.

The Project geologists oversaw the rig alignment at each of the marked sites. Project geologists used a two-verification alignment of the drill rig, which was completed using a Brunton compass. Site location was verified with use of a handheld GPS unit. Hole inclination was also set by the Project geologist using a compass. The inclination of the drill hole was captured for each hole at 25 m interval depths using, a Reflex tool.

11.2.3 Magna Sample Security and Preparation

The core logging and sampling process was completed at the camp facilities installed on the Project. The geological team was previously trained in the core logging and sampling procedures, in order to standardize the processes.

Sampling criteria established that the maximum length for a sample was 2.0 m, with a minimum of 0.50 m. The length of the sample is controlled by geological features, such as contacts, structures and/or alteration. The average length of a sample is estimated to be 1.0 m. Core sample intervals were marked by the Project geologist and all core boxes were photographed prior to being delivered to the trained technician to be split in half using a diamond saw. Half of each core sample was placed in a pre-marked, heavy-duty, plastic sample bag. A sample tag, with sample ID was inserted in each sample bag, as well as a piece of flagging tape marked, with permanent marker pen, with the sample ID. Samples were organized and packed in pre-marked sample sacks, keeping a photographic record of the samples contained in each sack. (Figure 11.3).

Once all of the samples were properly packed, local geologists transfered the sample batch from the Project to Magna's facilities in the city of Chihuahua. The personnel of the coreshack in Chihuahua were responsible for taking care of the required paperwork and delivery of the samples to ALS laboratory facilities.

Assaying of the samples was conducted by ALS laboratories, with the sample preparation and main assaying methods summarized in Table 11.1.

Figure 11.3
Sample Packing Control at Site

Micon, 2022.

Table 11.1
ALS Preparation and Assaying Methodologies used for the Margarita Project Samples

LAB	Stage	Method Code	Description
ALS[1]	Sample Preparation	PREP-31	Crush to 70% less than 2 mm, riffle split off 250 g, pulverize split to better than 85% passing 75 microns.
	Gold Determination[2]	Au-AA24	Au 50 g Fire Assay, AA finish
	Multi-Elements	ME-MS61	Four Acid Digestion with ICP-MS Finish (0.25 g).
	Single-Elements	ME-MS62	Single Elements by Four Acid.
	Silver (>100 ppm)	Ag-OG62	Silver by HF-HNO_3-$HClO_4$ digestion with HCl leach, ICP-AES or AAS finish. 0.4 g sample
	Lead (>10,000 ppm)	Pb-OG62	Four acid digestion.
	Zinc (>10,000 ppm)	Cu-OG62	Four acid digestion.

Notes:

1. Schedule of Services & Fees. Geochemistry. ALS Global, 2022.
2. Gold assays were only conducted when silver assays returned over 30 g/t.

11.3 Quality Assurance / Quality Control

11.3.1 Sable Drill Campaign 2018 - 2019

Quality Assurance/Quality Control (QA/QC) procedures established by Sable during the 2018-2019 drill campaigns are described in the 2019 Technical Report. The following paragraphs are extracted from that document.

All sampling and sample supervision were conducted by Gambusino and Sable geologists. All samples were collected using the following procedure: samples were placed in a plastic bag along with one assay tag and sealed at site. Once ten samples had been collected these were then placed together in a large polyweave bag that was marked in number sequence and sealed.

Standard and blank reference materials were used for the drilling program conducted at the Margarita Project. The types of QA/QC samples used are as follow:

- Certified standard reference material (CSRM): 1 in 25 samples.
- Blanks: 1 in 25 samples.
- Coarse duplicates: 1 in 25 samples.

Duplicates, blanks and standard samples were inserted into the sampling stream at the end of each day, if required, and sealed in the polyweave bag.

The 2019 Technical Report states that the entire field sampling on the Margarita Project took place after the adoption of NI 43-101; hence, there were QA/QC procedures in place for the program. The QP of the 2019 Technical Report believed that the work done by Gambusino and Sable, and the adequacy of the laboratory's sample preparation, analytical procedures and security of samples was in accordance with the industry best practices and that the results are reliable in the context of the report released in 2019. Micon's QP has reviewed the 2019 Sable Technical Report and agrees with the conclusions reached by the QP of that report.

11.3.2 Magna Exploration QA/QC Procedures 2020-2021

Magna follows standard QA/QC procedures, established for its exploration team during the development of several other projects. Both the management team and field staff are properly trained in the methods necessary to undertake both the implementation and follow-up of standard procedures, as well as in the continuous supervision of the entire process for the generation/compilation of technical data. The evaluation process, starting with program planning, supervision and control are under the continuous control of a local geological team. Quality Assurance is developed in observance of the general guidelines described previously in Section 11.2.

During the 2020-2021 drill campaign, Magna established a Quality Control (QC) program based on the insertion of blanks (coarse and fine), commercial Standard Material Reference Samples, and duplicates of core and rejects samples. An intensive program of pulp duplicates was completed by Magna after the acquisition of the Margarita Project, focusing on the validation of the information generated by Sable during its 2018-2019 program. Magna adjusted/modified some of the QC procedures, following recommendations made by the representative of Micon during the site visit in January, 2022.

Table 11.2 summarizes the distribution of the control samples inserted by Magna.

Table 11.2
Distribution of Control Samples Inserted by Magna

Control Sample Type	Number	% Of Assayed Samples	% By Category
Blanks			
Coarse Blanks-VR	51	1.8%	4%
Coarse Banks-Silica	31	1.1%	
Fine Blanks (Certified)	30	1.1%	
Standard Reference Material			
OREAS 622	34	1.2%	3%
OREAS 620	43	1.5%	
OREAS 604b	22	0.8%	
Duplicates			
Core	20		3%
Rejects	55	0.7%	
TOTALS	483		10%
Assay Verification (Pulps from core samples from Sable drill Campaign)			
Pulps/ Referee Lab[1]	197		8%

Note 1: Pulps Samples shipped to referee lab during data verification process completed by Magna.

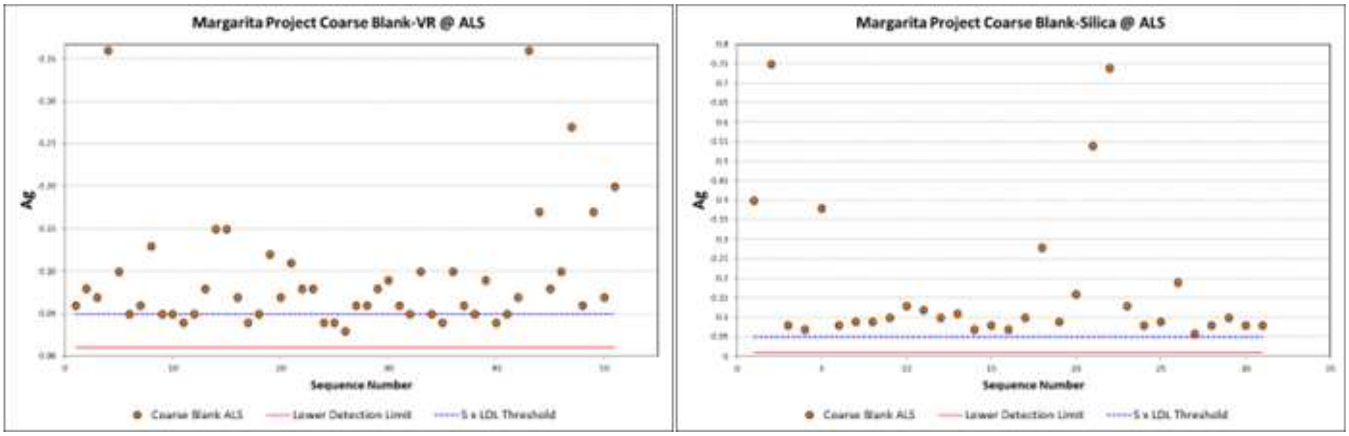
11.3.2.1 Course Blanks

During the 2020-2021 drill campaign, Magna used a decorative coarse volcanic scoria rock as a coarse blank. Later in the program, the volcanic scoria (identified as Coarse Blank-VR) was replaced by coarse-crushed silica (> ½") material provided by a local laboratory. Although neither of the coarse blank was certified, the material was used properly to assess the potential problem of cross-contamination.

A total of 82 coarse blank samples were inserted within the different batches of samples. Fifty-one of them corresponded to the decorative volcanic rock, while the remaining 32 corresponded to the coarse-crushed silica. Figure 11.4 displays the content of silver reported in the blank samples.

Although neither of the coarse blanks accomplished its objectives with regularity, at a quality control criterion of less than five times the detection limit (5xDL), it was noticed that the crushed silica sample reported more consistent values and accomplished the purpose of coarse blanks in providing both a blank sample and an extra cleaning of the laboratory equipment during the crushing and grinding process for core samples.

Figure 11.4
Graphs for the Coarse Blank Samples



Micon, 2022.

11.3.2.2 Certified Commercial Fine Blank

Commercial blank AuBlank111 prepared by RockLabs from finely pulverized feldspar and basalt, was also used to assess potential cross-contamination issues during the sample preparation procedures. This material was certified to contain less than 0.002 ppm gold. A total of 30 samples containing this certified material, randomly inserted within the different sample batches, were analyzed by ALS. Graphs displaying the results for this certified fine blank are shown in Figure 11.5. There are two assays results that exceed the established acceptable threshold of 5 times the detection limit. The certified blank started to be used in drill hole MAR-21-012 and was routinely used in subsequent holes. A gold blank was used as there were no silver blanks on the market.

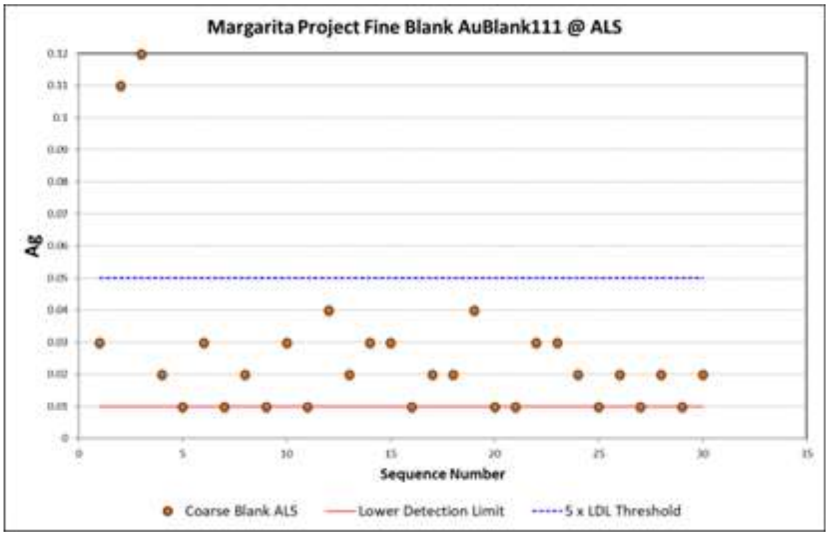
In the opinion of the QP, the results obtained for the coarse and fine blank analyses, indicate that no significant cross contamination occurred during the sample preparation process.

A total of 93% of the analyzed samples comply with the Quality Control criterion of 5 times the detection limit, established by ALS laboratory (0.01 ppm). Two certified blanks, inserted into the sample batch of drill hole MA-22-022, exceed ten times the detection limit, which was also reflected in the two coarse blanks inserted into this sample batch. Micon recommends that Magna evaluate these results and, if necessary request that the laboratory conducts an investigation to evaluate any potential cross contamination that may have occured and apply any correction procedures that may be required.

11.3.2.3 Standard Reference Materials

During the drilling campaign completed by Magna, three different types of commercial Standard Reference Material (SRM) were used. The three SRMs used were produced by the Australian laboratory Ore Research & Exploration P/L (OREAS). The SRMs used, quantities used and the comparison between historical means and certified value, as well as matrix of each standard, are summarized in the Table 11.3.

Figure 11.5
Graphs for the Certified Blanks AuBlank111 Assays at ALS



Micon, 2022.

Table 11.3
Summary the Details for the Standard Reference Materials used During the 2021-2022 Drill Campaign

SRM	Number of Samples Used	Historical Mean	Certificate Mean	Relative Difference %	SRM Matrix
OREAS 604b	22	512	507	0.009	Blend of silver-copper-gold bearing ores from Evolution Mining's Mount Carlton in Queensland, Australia and argillic rhyodacite waste rock sourced from a quarry east of Melbourne, Australia.
OREAS 622	34	102	102	0.002	Gossan Hill ores (VHMS) blended with fresh, barren rhyodacite material from a quarry approximately 30 km east of Melbourne
OREAS 620	43	39	39	0.015	Gossan Hill ores (VHMS) blended with fresh, barren rhyodacite material from a quarry approximately 30 km east of Melbourne.
TOTAL	99				

Table 11.4 provides the basic statistical information of the three SRM samples used to date. Based on the common QC criteria, all of the assayed standards were maintained within two standard deviations of the historical mean, with 0% failures. QC Graphs for the SRMs are displayed in Figure 11.6.

The results for the SRMs indicate that assays currently stored in the database can be considered sufficiently reliable to be used in the estimation of resources.

Table 11.4
Basic Statistic of the Three Standard Reference Materials used by Magna in 2021-2022

Statistics	OREAS 604b	OREAS 622	OREAS 620
	Ag	Ag	Ag
Count	22	34	43
Min	494.00	98.90	35.50
Max	528.00	106.00	41.40
Mean	511.50	102.162	39.070
Std Dev	8.601	1.736	1.337
Certificate			
Cert Mean	507.00	102.00	38.50
Cert Std Dev	15.000	3.300	1.530
% Bias	1	0	1
Certificate ±10%			
Mean + %	557.70	112.20	42.35
Mean - %	460.35	91.95	35.16
Ok @ %	22	34	43
Failures > %	0	0	0
% Failures > %	0	0	0
Mean ± %	507 ± 50.7	102 ± 10.2	38.5 ± 3.85
Certificate ±2SD			
CMean + 2SD	537.00	108.60	41.56
CMean - 2SD	477.00	95.40	35.44
Ok @ 2 SD	22	34	43
Failures > 2SD	0	0	0
% Failures > 2SD	0	0	0
Mean ± 2SD	507 ± 30	102 ± 6.6	38.5 ± 3.06
Historical ±2SD			
Mean + SD	528.7	105.6	41.7
Mean - SD	494.3	98.7	36.4
Ok @ SD	21	33	41
Failures > SD	1	1	2
% Failures > SD	5	3	5
Mean ± 2SD	511.5 ± 17.2	102.16 ± 3.47	39.07 ± 2.67
Historical RSD			
RSD	1.7	1.7	3.4
Certification	Certified	Certified	Certified
Acceptable QC?	Pass	Pass	Pass
2SD < 10%?	yes	yes	yes

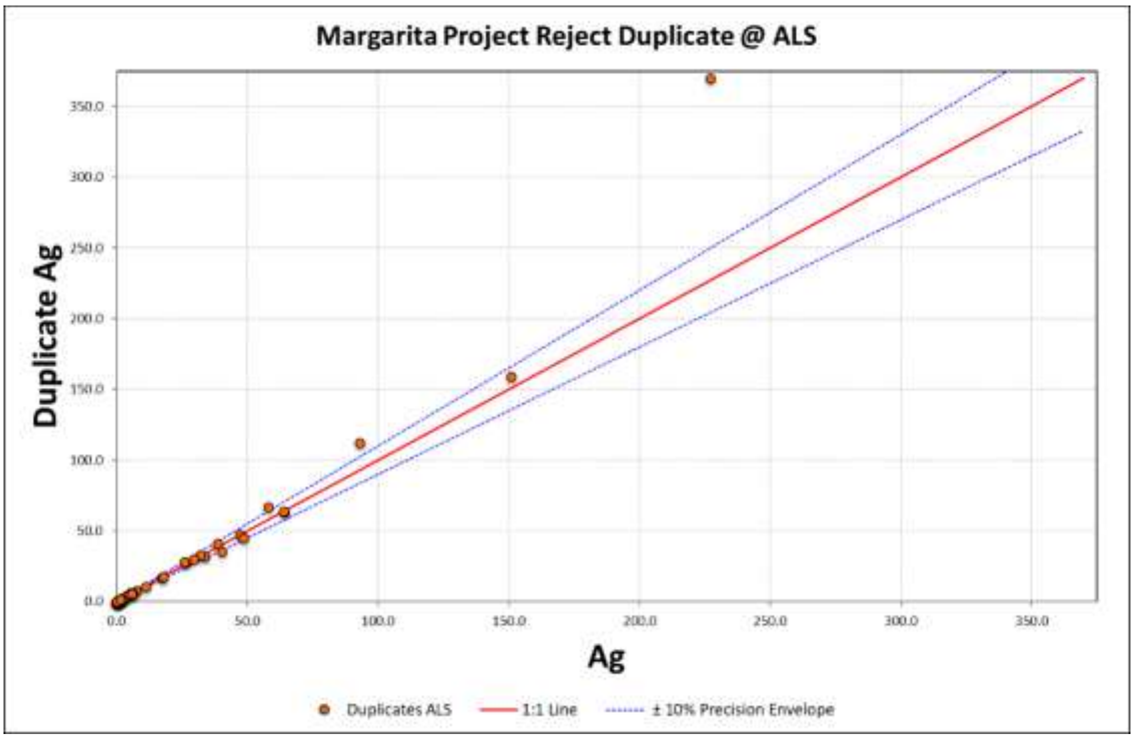
Figure 11.6
QC Graphs for the Different SRM Used in the 2021-2022 Drill Campaign

Micon, 2022.

11.3.2.4 Duplicates

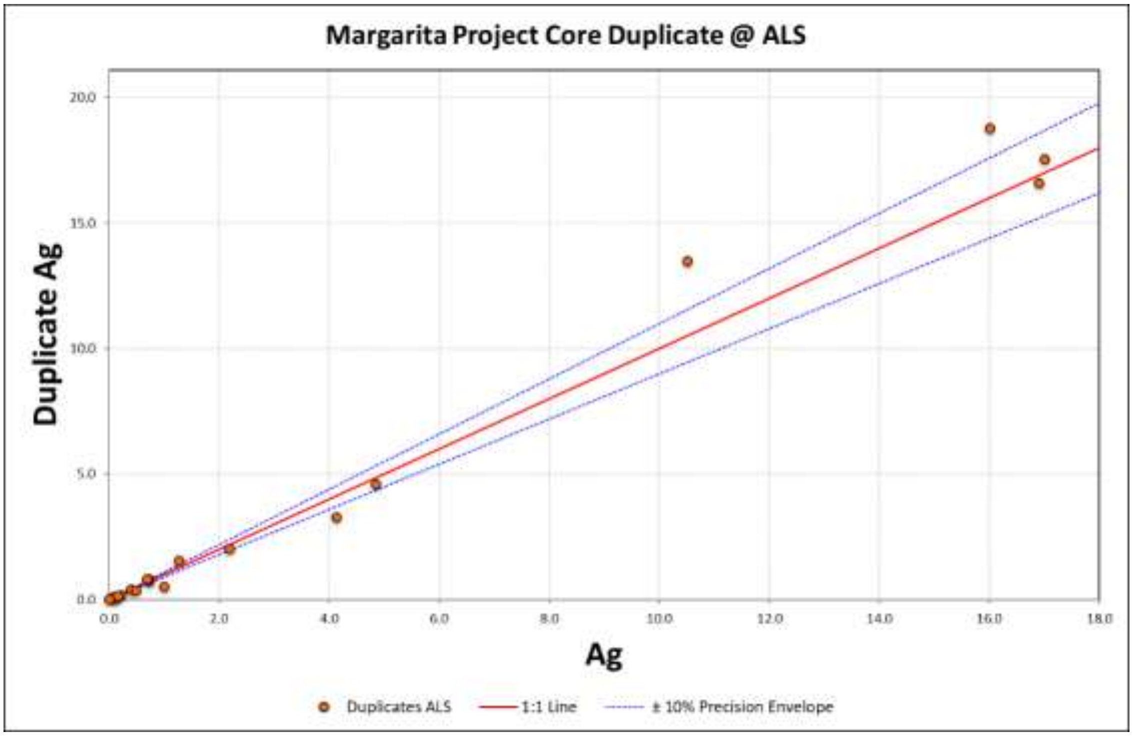
Magna QC protocols include the insertion of sample duplicates. Early in the project, the protocols established that randomly selected samples, would be attached with an empty heavy duty plastic bag, with duplicate number inserted in the plastic bag. Once in the laboratory, the selected sample would be crushed, homogenized, and split. One half of the crushed sample would return to the original sample bag and the second half would be used to fill the empty plastic bag, in order to generate the duplicate. The duplicate samples generated by this methodology are referred to as "Reject Duplicates". Magna used this methodology up to the completion of drill hole MAR-22-033. A total of 55 samples were duplicated following this methodology. The scatter plot of "Rejects Duplicates" is shown in Figure 11.7.

Figure 11.7
Scatter Plot Showing Silver Values for **"Reject Duplicates"** Assayed by ALS



Magna adjusted the methodology for duplicate samples, following the recommendations of Micon's representative during the site visit. The field crew applied the revised core sampling duplicate methodology to the holes which were drilled last. The revised methodology consists of first splitting the core in half, and then taking one half of the core and splitting it again into quarters (¼). The two ¼ sections were packed in different samples bags with one of them considered to be the core duplicate, using the subsequent sample ID tag to identify the duplicate. A total of 20 samples where duplicated using this methodology, with the results shown in Figure 11.8.

Figure 11.8
Scatter Plot Showing Silver Values for the Core Duplicates Assayed by ALS



The precision for the silver assays reported in the "Reject Samples" is that 78% of the samples satisfy the common QC parameter, of a relative difference (RD) between analyzed pairs of less than 10%. The accuracy improves to 91% for pairs with RD less than 20%. Significant differences are noticed in high-grade sample pairs, such as duplicate MAR-3036 which reported an assay of 370 ppm Ag, while the parent sample (MAR-3035) reported an assay of 227 ppm.

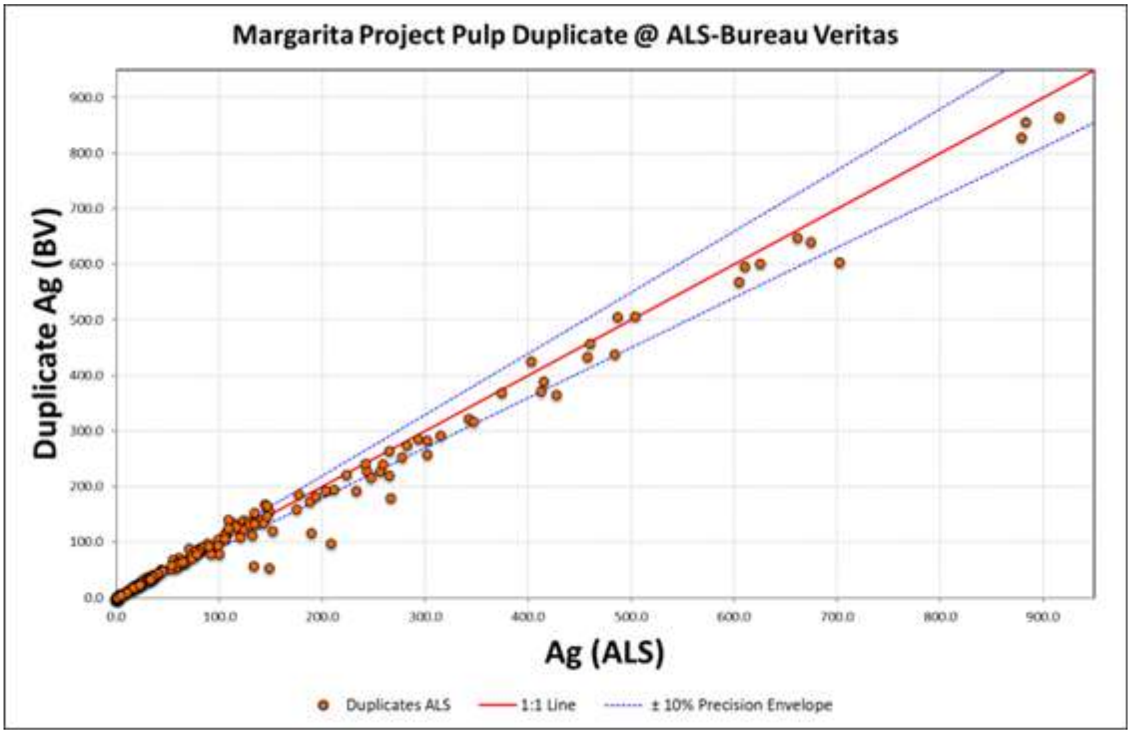
The precision observed in the core samples duplicates decreased to 40% of the sample pairs meeting the quality criteria of RD less than 10%, with slight improvement to 60% for sample pairs with RD less than 20%.

The precision improves in other elements, such as Zn and Pb (not considered in the resource estimation) to 75% and 55% for samples pairs with RD less than 10%, increasing to 95% and 75% for sample pairs with RD less than 20%. This behavior suggests that the relatively low precision observed may be caused by textural features that affect the distribution of silver minerals within the sample.

11.3.2.5 Referee Lab-Pulps Duplicates

As part of its data verification process after the acquisition of the property, Magna included a comprehensive assay verification program, with the selection of 197 pulps originating from the core samples assayed by Sable at ALS during 2018 and 2019. Magna selected the laboratory of Bureau Veritas to re-assay the selected pulps samples. The QC graph of the results for the verification process is shown in Figure 11.9.

Figure 11.9
Scatter Plot Showing the Results for the Pulp Duplicate Re-Assays



A total of 53% of the sample pairs show a RD less than 10%, increasing to 78% for RD less than 20%. For assays below 150 g/t silver, Bureau Veritas reported silver content higher than the values reported by ALS, being most significant in assays with values less than 50 g/t. For the high-grade assay values (greater than 150 ppm), the assay values reported by ALS were higher than those reported by Bureau Veritas. In general, the observed bias is positive, with the mean value of the assayed samples by ALS being 3.6% higher than the mean value of the same population of samples assayed by Bureau Veritas.

11.4 MICON QP COMMENTS

Micon QP's reviewed Magna's QA/QC procedures for the 2021-2022 drilling campaign at the Margarita Project. The QP believes that the program was conducted in line with the industry best practices as dictated by the 2019 CIM Best Practices Guidelines.

Micon recommends a review and better documentation of current logging protocols, in order to implement a set of standardized procedures for all stages of data collection and to provide detailed procedures with the aim of minimizing errors during data collection. A chain of custody procedure should be included to be able to track samples along the entire process.

Magna must consider creating and certifying its own blanks and SRMs, in order to minimize the matrix effect during assaying and establish a standardized QC analysis.

Although the observed accuracy of duplicate samples is considered acceptable at the current stage of the Project, and adequate for the mineral resource estimation herein disclosed, the accuracy requires improvement as the Project progresses into advanced stages of evaluation. The different types of duplicates need to be fully evaluated by the geological management team in timely manner, and application of corrective action put in place in order to increase the accuracy and/or to understand the origin of any differences. It is suggested that Magna should consider conducting a comprehensive mineralogical analysis, including textural relationship, mineral size, exposure, etc., to better understand the impact of any fundamental error, as well as to review and re-enforce the sampling procedures.

12.0 DATA VERIFICATION

12.1 GENERAL

This is Micon's first Technical Report disclosing a mineral resource estimate for Magna's Margarita Project.

The QPs responsible for the preparation of this report and their areas of responsibility and site visits are noted in Table 12.1.

Table 12.1
Qualified Persons, Areas of Responsibility and Site Visits

Qualified Person	Title and Company	Area of Responsibility	Site Visit
William J. Lewis, P.Geo.	Senior Geologist, Micon	Sections 1.1 to 1.6, 1.8, 1.9, 2 to 8, 12.4, 14.1 to 14.3, 14.6, 14.9 and 23 to 28	None
Ing. Alan San Martin, MAusIMM(CP)	Mineral Resource Specialist, Micon	Sections 14.5.2, 14.5.4, 14.5.5, 14.7 and 14.8	None
Chitrali Sarkar, M.Sc. P.Geo.	Geologist	Sections 12.3, 14.4, 14.5.1 and 14.5.3	None
Richard Gowans, P.Eng.	Principal Metallurgist, Micon	Sections 1.7 and 13	None
Rodrigo Calles-Montijo, CPG	General Administrator and Principal Consultant, Servicios Geológicos IMEx, S.C.	Sections 9,10, 11, 12.1 and 12.2	January 31, 2022 to February 3, 2022
NI 43-101 Sections not applicable to this report		15,16,17,18,19,20,21 and 22	

12.2 SITE VISIT

The current site visit to the Margarita property was completed between the January 31, 2022 and February 3, 2022 by Rodrigo Calles-Montijo, CPG, who is an independent consultant and Certified Professional Geologist (CPG), as well as a member of the American Institute of Professional Geologists (AIPG). Mr. Calles-Montijo is based in Hermosillo, México. Mr. Calles-Montijo was contacted by Miguel Angel Soto, Vice-President of exploration of the Magna and William J. Lewis (Micon) to define the objectives of the site visit, as required by the NI 43-101 guidelines. Mr. Calles-Montijo visited the different areas of the property, with an emphasis on verifying the different exploration/evaluation works completed to date, as well as a general overview of the core shack facilities located in the city of Chihuahua. During the site visit, Mr. Calles-Montijo was accompanied by Mr. Roberto García, project manager of Magna, as well as several of the geology staff currently involved in the Project both, in the city of Chihuahua and at the Project site.

During the site visit, the location of a number of the holes drilled in 2021-2022 were inspected, including holes drilled by Sable and the recent holes drilled by Magna. All of the holes drilled by Magna were drilled with using portable rigs, which minimized the environmental impact. The drilled sites are properly identified in the field, by use of a steel plate with hole ID on it, for the holes drilled by Sable in 2018-2020 and with cement monument, with a PVC pipe, for the holes drilled by Magna during 2021 and 2022 (Figure 12.1).

Figure 12.1
Location of Drill Holes M-DDH-19-21 (Left) Drilled by Sable and MAR-21-05 (Right) Drilled by Magna

Micon, 2022.

Coordinates, previously provided by Magna, were loaded into a handheld GPS unit, prior to the 2022 site visit. Hole collars identified in the field were compared with coordinates in the GPS, and all of inspected collars shows differences within the 5-metre range of tolerance for a handheld GPS. No significant differences in X-Y coordinates were detected during collar validation. A later drill hole location verification was completed, comparing the elevation of collars reported by Magna surveyor consultant and the elevation obtained from the Digital Elevation Model available. Some significant differences were found, and reported to Magna, which conducted a field verification and correction of some of the data originally contained in the database.

Intensive surface sampling over the entire property was completed by the former owner of the property. All this information is currently stored in the Magna database. Several of these samples remain properly identified in the field, with the presence of aluminum tags, with the sample ID (Figure 12.2). Magna completed a trenching program along the Margarita Vein structure, with intensive channel sampling along each open trench. All surface samples, from these trenches remain well identified in the field and were professionally surveyed. During the 2022 site visit, 5 rock chips samples were collected from the previously sampled areas. Some of the surface verification samples are shown in Figure 12.2. The assays for the verification samples are shown in Table 12.2.

The Margarita Project was visited by Mr. Calles-Montijo on February 01, 2022. Magna installed a temporary camp in the area, with services provided by the drilling company. The camp consisted of a set of wellequipped tents for such activities as dormitories, bathrooms, field offices, dining room and warehouse, etc. (Figure 12.3).

Figure 12.2
Left: Trench MZ-01. Right: Duplicate Sample MAR-2008 (MAR-1058), Trench MZ-06

Micon, 2022.

Table 12.2
Surface Verification Sample Results Collected During the 2022 Site Visit

Field ID 2022	Original Sample ID	Trench ID	Company	WGS 84		Ag (ppm)		
				X	Y	Original	Duplicate	RD
MAR-2005	MAR-1015	MZ-01	Magna	352,126	3,058,199	118	156	27.7
MAR-2006	MAR-1023	MZ-02	Magna	352,056	3,058,217	107	114	6.3
MAR-2007	MAR-1046	MZ-05	Magna	351,906	3,058,300	50.8	47.9	5.9
MAR-2008	MAR-1058	MZ-06	Magna	351,887	3,058,326	943	579	47.8
MAR-2009	MAR-1067	MZ-07	Magna	351,850	3,058,362	193	279	36.4
Mean						282.36	235.18	18.2

Micon, 2022.

Figure 12.3
Temporary Camp Facilities at the Margarita Project

Micon, 2022.

Core logging facilities located at the camp were inspected and core logging and sampling procedures were discussed with members of the geology staff, as summarized in Section 11.0. Core logging facilities (Figure 12.4) are adequate and functional, considering the temporary nature of the camp and include an area for the diamond saws (2), a designated area for core boxes, plus photography and core logging tables.

Figure 12.4
Core Logging Facilities at the Margarita Camp

Micon, 2022.

Core storage facilities are in the city of Chihuahua, which is located 115 km to the northeast of the Project. These facilities were recently rented by Magna and are the in process of being set up with racks for the appropriate organization and storage of core boxes (Figure 12.5). The core store facilities are in a large well-appointed building, which also contains additional core logging tables, equipment for determining of the specific gravity of core samples and an additional diamond saw. This facility will also be used to store rejects and pulps once they have been returned to Magna by the laboratories (Figure 12.5).

Figure 12.5
Core Store Facilities in the City of Chihuahua

Micon, 2022.

At the core store facilities, the cores of five representative holes were inspected, as part of the site visit. The inspection included three of the holes drilled by Magna in 2021, as well as core for two of the holes drilled by Sable in 2018-2019. Descriptions contained in the core logging formats agree with the geological features observed during the inspection.

Six core samples from representative intervals from the inspected holes were sampled from the ½ core available (Figure 12.6). Table 12.3 summarizes the results of the duplicated core samples collected during the site visit and their comparison with the original assays reported.

Figure 12.6
Verification Core Samples from Diamond Drilling Holes Collected During the 2022 Site Visit

Micon, 2022.

Table 12.3
Summary of the Verification Core Sample Results Collected During the 2022 Site Visit

Sample ID (2022)	Original Sample ID	Hole ID	Company	From (m)	To (m)	Ag (ppm)		
						Original	Duplicate	RD
MAR-0951	MAR-3238	MAR-21-003	Magna	69.00	70.10	285	280.000	1.8
MAR-0952	MAR-3651	MAR-21-007	Magna	102.00	103.50	82.2	95.600	15.1
MAR-0953	MAR-3049	MAR-21-001	Magna	69.10	70.75	417	397.000	4.9
MAR-0954	MAR-3220	MAR-21-003	Magna	47.90	48.90	592	364.000	47.7
MAR-0955	FMF-52957	M-DDH-18-11	Sable	58.55	60.20	247	303.000	20.4
MAR-0956	MM-1952	M-DDH-19-14	Sable	39.65	41.15	668	806.000	18.7
Mean						381.87	374.27	2.0

Micon, 2022.

During the visit to the Magna facilities in Chihuahua, 10 rejects and 10 pulps from previous assayed samples were selected. The samples/rejects selected include 5 of each type of sample from the previous drill campaign completed by Sable (2018-2019), and 5 from samples produced by Magna in 2021. Figure 12.7 shows examples of some of the rejects selected and Figure 12.8 shows some of the pulps selected for assay verification. Table 12.4 and Table 12.5 summarize the results of the verification assays and original values for the reject and pulp samples.

Figure 12.7
Examples of Rejects Selected at Magna Warehouse Facilities

Micon, 2022.

Figure 12.8
Examples of Pulps Selected at Magna Warehouse Facilities

Micon, 2022.

Table 12.4
Reject Samples from Diamond Drill Holes Collected During the 2022 Site Visit

Sample ID (2022)	Original Sample ID	Hole ID	Company	From (m)	To (m)	Ag (ppm)		
						Original	Duplicate	RD
MAR-0957	FME-54745	M-DDH-19-31	Sable	80.80	81.40	650	627	3.6
MAR-0958	FME-52978	M-DDH-18-12	Sable	35.85	36.60	403	371	8.3
MAR-0959	FME-52853	M-DDH-18-02	Sable	79.30	80.45	277	232	17.7
MAR-0960	FME-52841	M-DDH-19-02	Sable	45.75	47.00	487	500	2.6
MAR-0961	FME-54623	M-DDH-18-08	Sable	68.40	69.50	114	129	12.3
MAR-0962	MAR-3130	MAR-21-002	Magna	50.80	51.75	153	187	20.0
MAR-0963	MAR-3233	MAR-21-003	Magna	63.00	64.20	297	219	30.2
MAR-0964	MAR-3367	MAR-21-004	Magna	31.00	33.00	419	390	7.2
MAR-0965	MAR-3424	MAR-21-005	Magna	20.15	22.00	540	495	8.7
MAR-0966	MAR-3650	MAR-21-007	Magna	99.00	102.00	631	621	1.6
Mean						397.10	377.10	5.2

Micon, 2022.

Table 12.5
Pulp Samples from Diamond Drill Holes Collected During the 2022 Site Visit

Sample ID (2022)	Original Sample ID	Hole ID	Company	From (m)	To (m)	Ag (ppm)		
						Original	Duplicate	RD
MAR-0967	MM-6615	M-DDH-19-21	Sable	64.450	65.450	198	209	5.4
MAR-0968	MM-6767	M-DDH-19-24	Sable	90.050	91.000	81.6	84	2.7
MAR-0969	FME-52957	M-DDH-18-11	Sable	58.550	60.200	247	257	4.0
MAR-0970	FME-52797	M-DDH18-06	Sable	40.950	41.800	504	476	5.7
MAR-0971	FME-52807	M-DDH-18-06	Sable	49.800	50.800	304	301	1.0
MAR-0972	MAR-3049	MAR-21-001	Magna	69.10	70.75	417	427	2.4
MAR-0973	MAR-3135	MAR-21-002	Magna	55.55	56.50	764	801	4.7
MAR-0974	MAR-3144	MAR-21-002	Magna	62.50	63.25	243	242	0.4
MAR-0975	MAR-3432	MAR-21-002	Magna	52.70	53.65	178	189	6.0
MAR-0976	MAR-3439	MAR-21-002	Magna	58.40	59.35	111	120	7.8
Mean						304.76	310.58	1.9

Micon, 2022.

Pulps, rejects, core and surface rock samples collected during the site visit were maintained in the permanent custody of Mr. Calles-Montijo, packed and relabeled and personally delivered to the ALS facilities in the city of Chihuahua. The selected analytical procedure is consistent with that used by Magna for the drill hole samples that have been analysed at ALS. The assay methods used for the samples collected by Micon in 2022 are listed in the Table 12.6.

Table 12.6
ALS Assays Method Used for the Analysis of Samples Collected During the 2022 Site Visit

Stage	Method Code	Description
Sample Preparation	PREP-31	Crush to 70% less than 2 mm, riffle split off 250 g, pulverize split to better than 85% passing 75 microns.
ICP-Multi Elements	ME-MS61	Four Acid Digestion With ICP-MS Finish (48 Elements). 0.25 g
Silver Over limits	Ag-OG62	Ag by HF-HNO_3-$HClO_4$ digestion with HCl leach, ICP-AES or AAS finish. 0.4 g sample.
Lead Over limits	Pb-OG62	Four Acid Overlimit Methods
Zinc Over limits	Zn-OG62	Four Acid Overlimit Methods
Copper Over limits	Cu-OG62	Four acid digestion and ICP finish. 0.4 g sample

Taken from: ALS geochemistry, Schedule of Services and Fees, ALS, 2020.

The assays results included in the Sample Assays excel spreadsheet provided by Magna were reviewed, comparing the entered results in the compiled table with the values reported on the assays certificates. A total of 1,411 assays results, equivalent to the 28% of the total number of samples included in the dataset, were revised.

12.3 DATABASE REVIEW

Micon's QP reviewed the geological database constructed by Magna. After receiving the Project database, a detailed review was performed in terms of down-hole survey, assay data, lithology data and alteration data. The drill hole database comprises of 35 drill holes by Sable and 43 drill holes by Magna. It was decided to include the surface trench samples within the drill hole database, so that the final integrated database comprises of 108 drill holes plus trenches for 13,981 m of sampling. Approximate 3% of the database entry records have been checked on a random basis. The complete database is considered to be of sufficient quality and quantity to support the geological wireframing and resource estimation for the Margarita Project.

Magna also provided Micon with an initial three-dimensional wireframe representing the Margarita silver- mineralized envelop. However, Micon QPs decided to prepare their own geological model, honouring the geology of the Project area. The final wireframe was reviewed by Magna before proceeding with the estimation.

12.4 MICON QP COMMENTS

In general, Micon's review of the material provided by Magna, its discussions with technical staff of Magna and the 2022 site visit observations, found that the data provided were adequate for the purposes of preparing Technical Reports for the Margarita Property.

It is recommended that a Chain of Custody process be implemented in order to properly control sample management during the entire process. This should include the processes at the core shack facilities, at the Project and management at the warehouse facilities in the city of Chihuahua.

The current core duplicate system used by Magna consists of attaching to the parent sample an empty plastic bag with a sample tag included. In the laboratory, the parent sample is crushed and then split into two with the second split being placed in the empty plastic bag, as the duplicate sample. This, however, should not be considered to be a core duplicate, but rather a reject duplicate. It is recommended that Magna modify the procedure to obtain a standard core duplicate by taking a second split from the remaining ¼ core for the duplicate. The prior Magna duplicate samples should be recategorized as reject duplicates, instead of core duplicates.

Micon noticed that no determination of bulk density had been conducted as part of the routine core-logging process. It is recommended that Magna include a regular bulk density procedure to determine this parameter along the mineralized zones, as well as for representative hanging and footwall samples. Field determination should be verified on a selected number of samples and checked by an external specialized geomechanical laboratory.

13.0 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 HISTORICAL SABLE METALLURGICAL TESTWORK

The following description of the testwork conducted by Sable was extracted from its 2019 Technical Report and updated where necessary.

Three coarse rejects core samples identified as DH06, DH08 and DH11, were selected from the 2018 drill campaign and sent to the SGS Mineral Services (SGS) laboratory in Lakefield, Canada to investigate the potential extraction of silver using cyanide leaching. The silver head grade of the samples ranged from 149 g/t to 684 g/t. The sulphur content of all the samples was very low, less than 0.05%. Silver was present as acanthite (AgS) and iodargyrite (AgI).

Cyanidation tests were performed on each hole composite after grinding to 80% passing (P_{80}) approximately 60 µm and on the samples as-received (P_{80} ~2 mm). The bottle roll tests on the ground samples were conducted at 40% solids for 96 hours with 2 g/L NaCN at pH 11. The tests undertaken on the as-received samples were conducted under similar solution conditions, but the bottles rotated for only one minute every hour for 21 days to avoid excessive breakage of the mineral particles while simulating heap leaching.

The response of the DH06 and DH08 samples was similar. Silver extraction from the ground material was 73-74%, compared to 51-55% for the as-received material. Silver extraction was generally lower for sample DH11 with 38% extraction for the ground feed and 29% extraction for the as-received feed.

13.2 MAGNA METALLURGICAL TESTWORK

A preliminary program of metallurgical testing was undertaken in 2022 by Laboratorio Tecnológico de Metalurgia LTM S.A. de C.V. (LTM) located in Hermosillo, México, on two composite samples identified as SE Composite and NW Composite. This testwork program was managed by Rodrigo Carneiro MS, PE, Principal Metallurgical Engineer of RCarneiro Mineral Engineering & Consulting LLC., who prepared the scope of the study, conducted data analyses of the metallurgical data developed and issued a final report entitled "Preliminary Metallurgical Testing on Two Composite Samples from the Margarita Silver Project Located in Chihuahua, México", dated 5 April 2022.

This preliminary metallurgical study included detailed multi-element analysis of the two composite samples and considered two process options for the recovery of silver. These two options comprised whole ore agitated leaching and froth flotation.

In addition to the preliminary metallurgical testwork study, Magna also completed two mineralogical studies of samples from the Margarita property. One study comprised the preliminary mineralogical characterization by Dr. Efrén Pérez Segura of Hermosillo of two samples of the Margarita Project. The second study included the mineralogical assessment by Bureau Veritas Metallurgical Laboratory, Richmond, BC, (BV Minerals) of a test sample (MAR-CAR Composite), which was composited from four pieces of drill core selected by Magna.

13.2.1 Mineralogical Studies

13.2.1.1 Dr. Segura, Preliminary Mineralogical Study (2022)

Two samples from the Margarita Project were studied using optical microscopy and energy dispersive scanning electron microscopy (SEM-EDS). The silver assays of the two samples identified as MAR-CAR-01 and MAR-CAR-03 were 582 g/t and 449 g/t, respectively. The results and conclusions from this study are summarized below:

- The main occurrence of silver was the mineral acanthite (Ag_2S), which contains approximately 87% silver. The acanthite was determined to be a secondary mineral associated with oxide mineralization.
- The size of the acanthite mineral grains observed ranged from 10 µm to up to 600 µm. They were identified as liberated particles, as inclusions in non-metallic gangue and as associations with complex Zn and Pb oxides.
- The silver associated with oxides or silicates containing Zn and Pb varied between 1 and 2%.
- Lead oxides containing more than 57% Pb can contain up to 12.7 % Ag.
- Complex oxides, or silicates of zinc were identified containing more than 47% Zn, and up to 19% manganese and 8% of vanadium.

13.2.1.2 BV Minerals, Mineralogical Assessment of a Silver Ore Composite Sample (2022)

Four pieces of drill core labeled as MAR-CAR-01, MAR-CAR-02, MAR-CAR-03 and MAR-CAR-04, were received in 2022 for mineralogical assessment at BV Minerals. These samples were crushed, blended together to form the MAR-CAR composite, and ground to 80% passing (P_{80}) 130 µm.

Following the completion of sample preparation and chemical analysis, both QEMSCAN Particle Mineral Analysis (PMA) and Trace Mineral Search (TMS) for gold and silver protocols were conducted on the MAR-CAR composite to quantitatively identify the mineral composition and fragmentation characteristics.

Chemical and mineral analyses of the MAR-CAR composite sample are presented in Table 13.1. The silver content of the sample was measured at 513 g/t.

Table 13.1
Composite Sample Chemical and Mineral Composition

Chemical Analysis		Mineral Composition	
Element	Value	Mineral	Weight (%)
Silver – g/t	513	Silver sulphides[1]	0.04
Gold – g/t	0.06	Galena	0.18
Lead - %	0.49	Sphalerite	0.01
Zinc - %	2.19	Pyrite	0.05
Iron - %	1.46	Willemite/smithsonite (Zn)	3.26
Sulphur - %	0.02	Iron oxides[2]	1.26
Silicon - %	42.1	Lead oxides[3]	0.55
Carbon - %	0.33	Iron metal	0.28
Aluminium - %	0.32	Quartz	91.0
Calcium - %	0.98	Calcite	2.01
Barium - %	0.04	K-feldspars	0.20

[1] Silver minerals include freibergite, native silver, acanthite/argentite, iodargyrite (AgI) and AgPb-Sulphate.
[2] Iron Oxides include hematite, ilmenite, magnetite, goethite and limonite.
[3] Lead oxides include cerussite, pyromorphite (PbP.Ox), cesarolite (PbMn.Ox), descloizite (PbZnV.Ox) and paulmooreite (pbasox).

The mineral composition comprised mainly quartz (91%), zinc oxides/silicates/carbonates (3.3%), calcite (2.0%) and iron oxides (1.3%). The sulphide mineral content of the sample was only about 0.3%.

Using the QEMSCAN TMS for silver protocols, over 5,000 silver bearing particles were detected in the sample. Silver deportment data indicated that acanthite/argentite (Ag_2S) was the main silver bearing mineral with about 80% of the total silver. The remainder of the silver was distributed between native silver (8%), iodargyrite (3%) and AgPb-sulphate (10%).

The silver distribution by silver grain size analysis confirmed the existence of "coarse" silver particles, particularly of a size greater than 53 microns. Moreover, the relatively coarse silver grains (greater than 25 microns) carried nearly 50 percent by weight of the silver in the sample.

At the mineral particle P_{80} size of about 130 µm, the two-dimensional liberation of silver in the sample measured about 56%. The unliberated silver was mostly associated with gangue (27%) and iron oxides in either binary or multiphase forms. The association between silver and sulphide minerals (including galena, sphalerite and pyrite) was low (around 3% in total).

Only three gold grains (all sized finer than 5 microns) were observed in the MAR-CAR Composite. The data suggest that most of the gold identified was contained in calaverite ($AuTe_2$), with the remainder present as native gold.

13.2.2 LTM Preliminary Metallurgical Testing (2022)

Two composite samples were prepared from drill assay rejects for a preliminary metallurgical study at LTM. One composite was named "NW Composite" and was prepared from 24 intervals from 5 drill holes (MAR-21-005/006/010/011 and 115) and had a total weight of 98 kg. The other sample labelled, "SE Composite", consisted of 30 interval samples from 11 drill holes (MAR-21-001/002/003/004/009/013/016/017/018/019 and 020) and weighed 99 kg.

The composite samples are considered to be a good representation of the mineralization found at the Margarita property.

A summary of the average triplicate chemical analyses is presented in Table 13.2.

Table 13.2
Metallurgical Composite Chemical Analyses

Element	Units	Value	
		NW Composite	SE Composite
Au	g/t	0.048	0.048
Ag	g/t	182.4	270.5
Al	%	4.93	2.33
As	ppm	72.77	228.67
Ca	%	0.34	2.00
Cu	ppm	79.4	165.7
Fe	%	2.57	2.17
K	%	5.13	2.15
Mg	%	0.53	0.24
Ni	ppm	14.9	13.1
Pb	%	0.13	0.54
Zn	%	0.48	2.06
Sb	ppm	58.7	120.3
S	%	0.22	0.28

Triplicate analyses, Au and Ag by 30 g FA with AA for Au and gravimetric for Ag. All other analyses by 4-Acid Digestion ICP-OES.

The low total sulphur content suggests that the sample is highly oxidized and the predominant base metal / iron mineralization does not occur as metallic sulphides. This observation correlates with the mineralogical studies discussed above.

The multi-element analyses of the samples suggest that elevated levels of potentially deleterious elements are present, including arsenic, antimony and lead. Once a metallurgical flowsheet has been developed it is recommended to complete geochemical testwork to quantify any potential issues.

The metallurgical tests completed on the two composite samples included:

- Bottle roll cyanide leaching for 72 hours at two grind sizes (P_{80} 75 and 45 µm).
- Froth flotation followed by cyanide teaching of the flotation tailings, also at two grind sizes (P_{80} 75 and 45 µm).

The 72-hour bottle roll cyanide leach test results maintained a NaCN concentration of 2 g/L and a pH of around 10.5. The test results are summarized in Table 13.3.

Table 13.3
Metallurgical Composite Leach Test Results

Sample	Grind P_{80} (µm)	Extraction (%)				Consumption (kg/t)	
		72h-Au	24h-Ag	48h-Ag	72h-Ag	NaCN	CaO
NW Composite	75	30	42	49	46	1.01	0.03
NW Composite	45	57	44	49	45	0.94	0.16
SE Composite	75	83	74	76	76	1.28	-0.52
SE Composite	45	68	76	77	75	1.28	-0.48

The leach test results showed the following:

The bottle roll leach tests suggest that silver extraction is not significantly affected by grind size.

- The 72-hour silver extraction was about 45% for the NW Composite and around 75% for the SE Composite.
- Gold extraction test results were variable due to the relatively low gold content, but average extractions were similar to silver.
- The silver extraction for all tests tended to plateau at around 24 hours.
- Lime consumption was low for all tests, the SE Composite tests even showed a negative usage which suggests calcium dissolution from the sample.

The results from the flotation and leach tailings tests are summarized in Table 13.4.

Table 13.4
Metallurgical Composite Flotation and Tails Leach Test Results

Sample	Process	Recovery		Float Con. Grade	
		%Au	%Ag	Au-g/t	Ag-g/t
NW Composite – P_{80} 75 µm	Flotation	69.9	45.4	0.3	972
	Leach	9.6	9.9		
	Total	79.5	55.3		

Sample	Process	Recovery		Float Con. Grade	
		%Au	%Ag	Au-g/t	Ag-g/t
NW Composite – P_{80} 45 µm	Flotation	77.9	47.8	0.23	910
	Leach	0	10.4		
	Total	77.9	58.2		
SE Composite – P_{80} 75 µm	Flotation	62.7	59.5	1.28	5,373
	Leach	25.2	18.7		
	Total	87.9	78.2		
SE Composite – P_{80} 45 µm	Flotation	59.8	62.3	0.68	3,890
	Leach	8.9	17.6		
	Total	68.7	79.9		

The combined flotation plus leached tailings recoveries for the NW Composite were between 78 and 80% for gold and 55% to 58% for silver. The comparative recoveries for the SE Composite were between 69% and 88% for gold and 78% to 80% for silver.

13.3 METALLURGICAL LABORATORY ACCREDITATIONS

Micon's QP notes that metallurgical laboratories usually do not have accreditation that is subscribed to by commercial assay laboratories. However, the following comments discuss the accreditation and quality control/assurance systems employed by the various laboratories that completed testwork on mineralized samples from the Margarita Project.

13.3.1 SGS Lakefield Laboratory, Ontario, Canada

The SGS Lakefield laboratory in Canada is an ISO/IEC 17025 accredited facility for the purpose of mineral testing.

13.3.2 Laboratorio Tecnológico de Metalurgia LTM S.A. de C.V. (LTM), Hermosillo, México

The assaying at the LTM facilities in Hermosillo is certified to ISO/IEC 17025:2017 standards for the purpose of conducting assaying on mineral samples.

13.3.3 Bureau Veritas Metallurgical Laboratory, Richmond, Canada

Bureau Veritas Metallurgical Laboratory in Richmond, BC, are ISO 17025 accredited for the purpose of conducting assaying on mineral samples used for metallurgical resting.

13.4 CONCLUSIONS AND RECOMMENDATIONS

Preliminary mineralogical studies on composite samples from the Margarita property show that the mineralization comprises mainly quartz, zinc oxides/silicates/carbonates, calcite and iron oxides. The sulphide mineral content is low (<0.5%), with the predominant base metal / iron mineralization occurring as oxides, carbonates and silicates. Silver predominately occurs as acanthite (Ag_2S) but is also present as native silver, iodargyrite (AgI) and AgPb-sulphate. Gold was observed in the samples as calaverite ($AuTe_2$) and the native metal.

Preliminary metallurgical studies on composite samples from the Margarita property suggest that up to 75% of the silver can be extracted using cyanide leaching and up to 80% silver recovery can be obtained using a combination of flotation followed by the leaching of the flotation tailings.

The NW Composite gave significantly lower silver recoveries compared with the SE Composites. Additional mineralogical work needs to be undertaken to understand the reason for these differences in the results.

Additional mineralogical and metallurgical testwork programs on a selection of samples representing the lithological domains found within the mineral resources is recommended, including the following:

- Due to the presence of potentially cyanide consuming minerals, it is recommended to consider intense pre-aeration/oxidation and pre-treatment with high lime addition for future cyanide leaching tests.
- Additional flotation testwork should consider the leaching of the reground flotation concentrate.
- Alternative lixiviants for the extraction of silver should be tested.
- Preliminary grindability testwork should be completed.
- Once a preliminary flowsheet has been developed, geochemical tests should be undertaken on process samples to assess the potential of any deleterious element, mineral or compound.
- Although the value in the mineralization is mainly in silver, the recovery of other potentially valuable metals such as copper, zinc and lead should be investigated.

14.0 MINERAL RESOURCE ESTIMATES

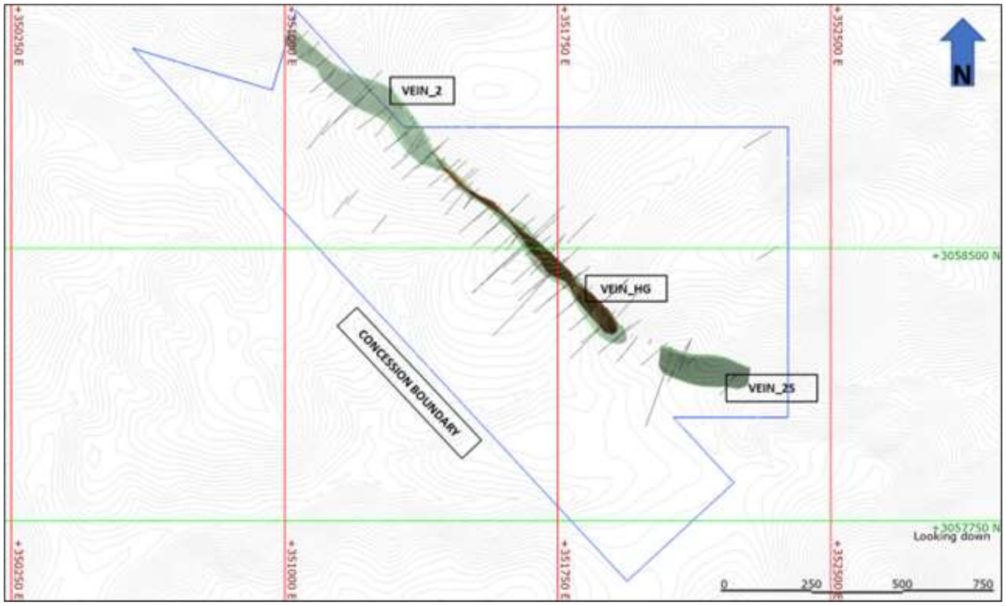
14.1 INTRODUCTION

This section discusses the initial mineral resource estimate for Magna's Margarita Project in the State of Chihuahua, México. The initial mineral resource estimate is based upon Magna's drilling database, which includes both the historical drilling and Magna's drilling in 2021 and 2022. Micon's QPs have conducted the mineral resource estimate for disclosure, using CIM standards and NI 43-101 Technical Reporting standards for disclosure of the initial resource.

Magna's 2021 and 2022 drilling program was designed not only to improve the confidence of the known mineralization, but also to potentially increase the mineral resources at depth. Previous historical iterations of mineral resource estimations have been conducted on the Margarita Project, but all of these previous resource estimations are historical in nature and are now superseded by the current 2022 estimate discussed in this section.

The Margarita Project mineral resources have been estimated using a mineralized zone (Vein_2), a high-grade silver mineralization zone (Vein_HG) contained within the core of the mineralized zone and another smaller mineralized zone (Vein_2S) at in the southeast end of the main zone. Vein_2 and Vein_2S appear to be one continuous structure, separated by an un-mineralized or very low-grade gap at the bend in the geological structure between the Vein_2 and Vein_2S mineralized portions of the structure. The mineral resources for the Margarita Project are contained within the Margarita Project mineral concession and have been estimated assuming an underground mining scenario. Figure 14.1 shows the location Vein_2 containing Vein_HG and Vein_2S within the Margarita Project mineral concessions.

Figure 14.1
Location of the Mineralized Zones within the Boundary of the Mineral Concessions



Source: Micon, 2022.

Both surface exploration and drilling indicate that parallel mineralized structures or veins are located on each side of Vein_2, the extent of which still need to be explored.

14.2 CIM Mineral Resource Definitions and Classifications

If a company is a reporting Canadian entity, all resources and reserves presented in a Technical Report should follow the current CIM definitions and standards for mineral resources and reserves. The latest edition of the CIM definitions and standards was adopted by the CIM council on May 10, 2014, and includes the resource definitions reproduced below:

> *Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.*
>
> *A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.*
>
> *The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.*

Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral

Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

14.3 CIM Estimation of Mineral Resources Best Practices Guidelines

Micon and its QPs have used the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines, which were adopted by the CIM Council on November 29, 2019, in estimating the mineral resources contained within the Margarita Project. The November, 2019, guidelines supersede the 2003 CIM Best Practice Guidelines.

14.4 Margarita Project Mineral Resource Database and Wireframes

14.4.1 Methodology

The mineral resource estimate for the Margarita Project was conducted on the primary vein (Vein_2), a high-grade portion (Vein_HG) contained within Vein_2 and a southern segment (Vein_2S). The resource area covers a strike length of approximately 1.5 km, a width of up to 15 m, to a vertical depth up to 170 m below surface. The geological model for Margarita was prepared using Leapfrog Geo software.

The main steps in the resource estimation methodology were as follows:

- Compilation and validation of the old (Sable resources) and recent (Magna) drill hole database.

- Preparation of the geological model and interpretation of the mineralized zones guided primarily by silver grade, with minor emphasis on the geological controls. Silver is correlated with hydrothermally brecciated vein type geological units.
- Statistical analysis of the drill hole intercepts, compositing, and grade capping for the purposes of variography.
- Defining the parameters of the block model and silver grade interpolation.
- Classification of the estimated resources.
- Generation of a mineral resource statement.

14.4.2 Database

The database that was used for resource estimation comprises exploration trenching and drilling results from 2018 to 2022 programs. The resource database consists of sampling information from 78 diamond drill holes and 30 trenches. All diamond drill holes are northeasterly dipping, except for M-DDH-19-30. The database covers the strike length of 1.5 km at variable drill spacings, ranging from 25 m to 100 m for the primary Margarita vein. A total of 5,824 raw silver samples totalling 13,981 m have been used in the database. The drilling database includes lithological descriptions, as well as silver, gold, copper, lead, zinc, arsenic, antimony, barium and manganese assays.

The trench assays include analysis of silver, gold, copper, lead and zinc. All of the assay data were included into the resource database for the purpose of wireframing and resource estimation, but only the silver grades were used for the mineral resource estimate.

14.4.3 Supporting Data

14.4.3.1 Topography

The project topography was provided by Magna as a shape file format, from which a topographic surface was prepared and used for the whole project. A recoverable crown pillar was also created using this topographic surface as, part of considering an underground mining scenario for the mineral resource estimate.

14.4.4 General Statistics

Basic statistics has been performed for the entire database. Sample intervals both inside and outside the wireframes are selected for the estimation. Table 14.1 summarizes global silver assay statistics for the Margarita Project database.

Table 14.1
Global Statistics for Margarita Project Database

Description	All Data	Vein_2 Silver Assay	Vein_HG Silver Assay	Vein_2S Silver Assay
Count	5,824	798	149	25
Length (m)	13,981.1	1,100.94	195.21	48.58
Mean (g/t)	14.3	57.7	348.5	197.9
SD	60.9	67.1	241.8	251.3
CV	4.3	1.2	0.7	1.3
Variance	3709.4	4507.6	58479.7	63156.9
Minimum (g/t)	0.0	0	34.2	21.8
Q1	0.0	25.1	178	51.4
Q2	0.1	39.8	274	106
Q3	4.0	67	457	162
Maximum (g/t)	1515	883	1515	986

Source: Micon, 2022.

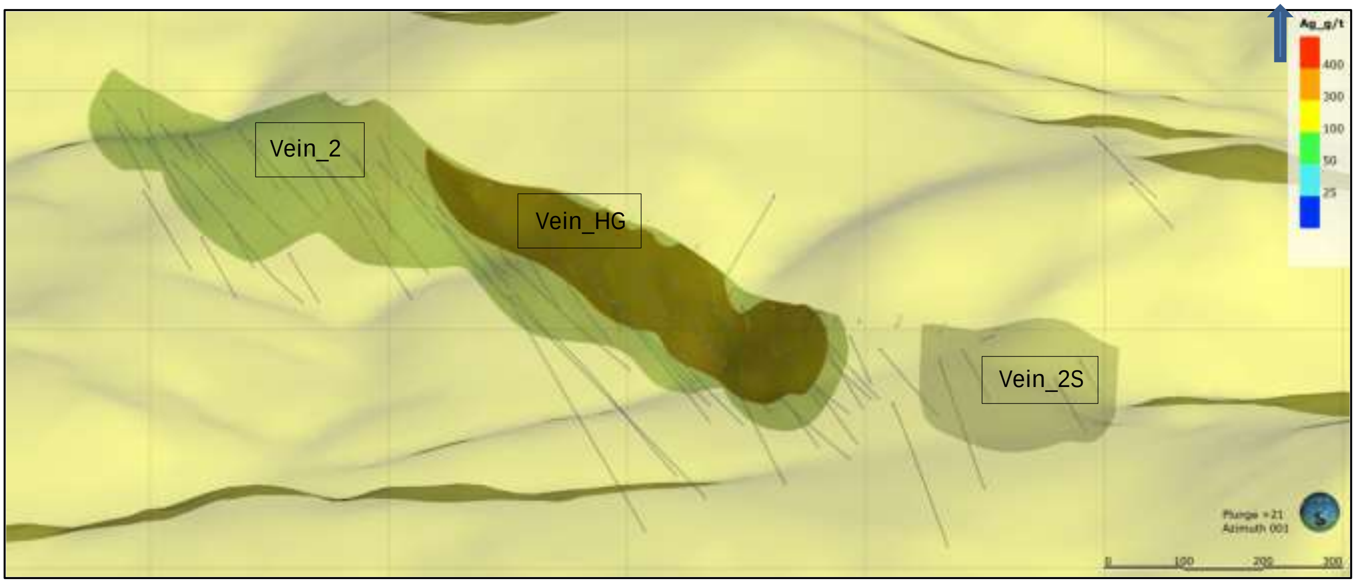
14.4.5 Three-Dimensional Modelling

The wireframing for the Margarita Project included the main silver mineralized vein or zone (Vein_2), a high-grade zone (Vein_HG) and a southern mineralized zone (Vein_2S). The Vein_HG has been modelled in such a manner that the high-grade zone is entirely surrounded by the Vein_2. However, the Vein_2S is separated from the Vein_2 by a very low-grade area or non-mineralized area. The resource area covers a strike length of approximately 1.5 km, a width up to 15 m and down to a vertical depth of 170 m below surface. The geological model for Margarita was prepared using Leapfrog Geo software.

The model wireframe mineral envelopes are generated based on a cut-off grade of 25 g/t silver for Vein_2 and Vein_2S and 300 g/t for the Vein_HG, with local exceptions to maintain the continuity of the wireframe envelope. A minimum width of 3 m width has been used to create the mineralized zone wireframes. For the surface extrapolation of the zones, the trench sample analyses were considered.

Figure 14.2 is a three-dimensional view of the three mineralized zones and trace of the drill holes.

Figure 14.2
Three Dimensional Mineralized Zones and the Traces of the Drill Holes (Looking North)



Micon, April, 2022

14.4.6 Data Analysis

14.4.6.1 Compositing

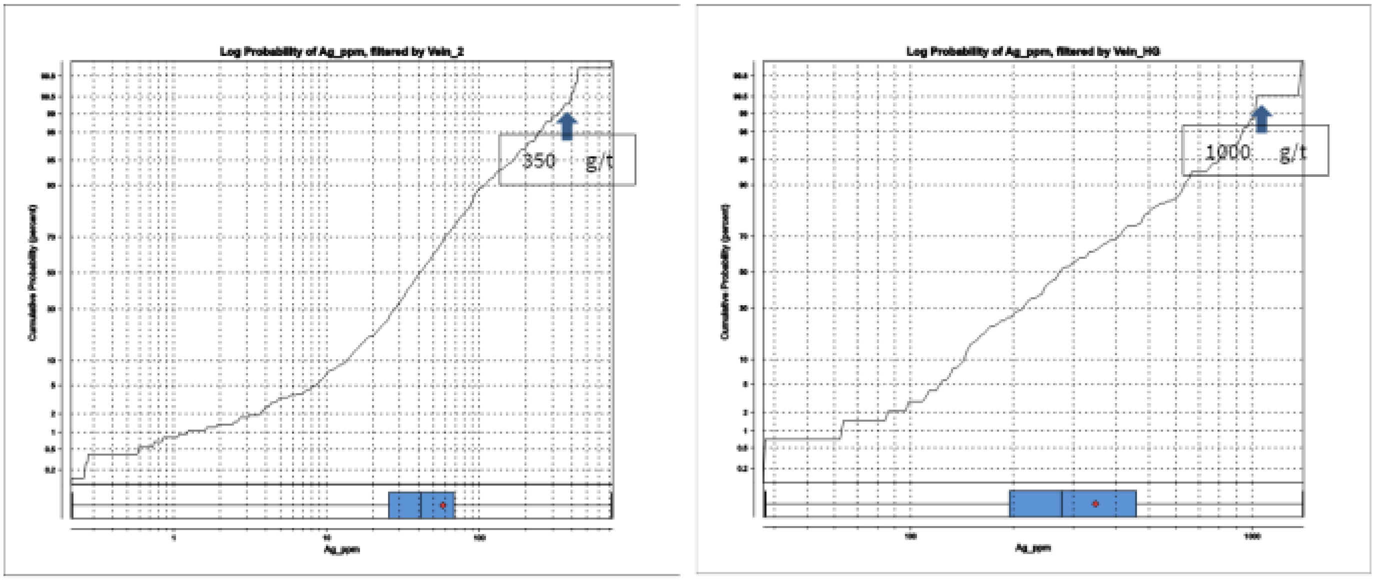
The selected intercepts for the Margarita Project were composited into 1.5 m equal length intervals within the wireframe. The composite length was determined based on most common original sample length in the database. Table 14.2 summarises the basic statistics for the raw and composited data.

14.4.6.2 Grade Capping

For the Vein_2 and Vein_HG zones, all outlier values for silver were analyzed within the wireframe, using histograms and log probability plots. A grade cap of 350 g/t silver applied to the Vein_2 zone and 1,000 g/t silver applied to the Vein_HG zone. No grade capping was performed for the wireframe Vein_2S due to limited sample intervals.

Figure 14.3 shows the log-probability plots for both the Vein_2 and Vein_HG used to determine the capping for both zones. Table 14.3 summarizes the statistics for the raw composites and the capped composites.

Figure 14.3
Log-Probability Plots used for Silver Capping in Vein_2 and Vein_HG at the Margarita Project



Micon, April, 2022.

Table 14.2
Summary of Raw and Composite Assay Statistics

Description	Vein_2		Vein_HG		Vein_2S	
	Un-composited Silver Assay	Composited Silver Assay	Un-composited Silver Assay	Composited Silver Assay	Un-composited Silver Assay	Composited Silver Assay
Count	798	751	149	137	25	35
Length (m)	1,100.94	1,100.94	195.21	195.21	48.58	48.58
Mean (g/t)	57.7	57.7	348.5	348.5	197.9	197.9
SD	67.1	61.5	241.8	218.0	251.3	215.3
CV	1.2	1.1	0.7	0.6	1.3	1.1
Variance	4507.6	3777.0	58479.7	47517.3	63156.9	46364.9
Minimum (g/t)	0	0.2	34.2	37.7	21.8	25.7
Q1	25.1	25.5	178.0	194.9	51.4	58.4
Q2	39.8	41.2	274.0	277.0	106	107
Q3	67	68.3	457	459	162	302
Maximum (g/t)	883	731	1,515	1,410	986	810

Micon, 2022.

Table 14.3
Comparison of Statistics after Applying Grade Capping

Description	Vein_2		Vein_HG	
	Composite Silver Assay	Capped Composite Silver Assay	Composite Silver Assay	Capped Composite Silver Assay
Count	751	751	137	137
Length (m)	1,100.94	1,100.94	195.21	195.21
Mean (g/t)	57.7	56.9	348.5	346.3
SD	61.5	55.1	218.0	209.1
CV	1.1	1.0	0.6	0.6
Variance	3777.0	3033.2	47517.3	43718.8
Minimum (g/t)	0.2	0.2	37.7	37.7
Q1	25.5	25.5	194.9	194.9
Q2	41.2	41.2	277.0	277.0
Q3	68.3	68.3	459	459
Maximum (g/t)	730.9	350	1410	1000

Micon, 2022.

14.4.7 Variography

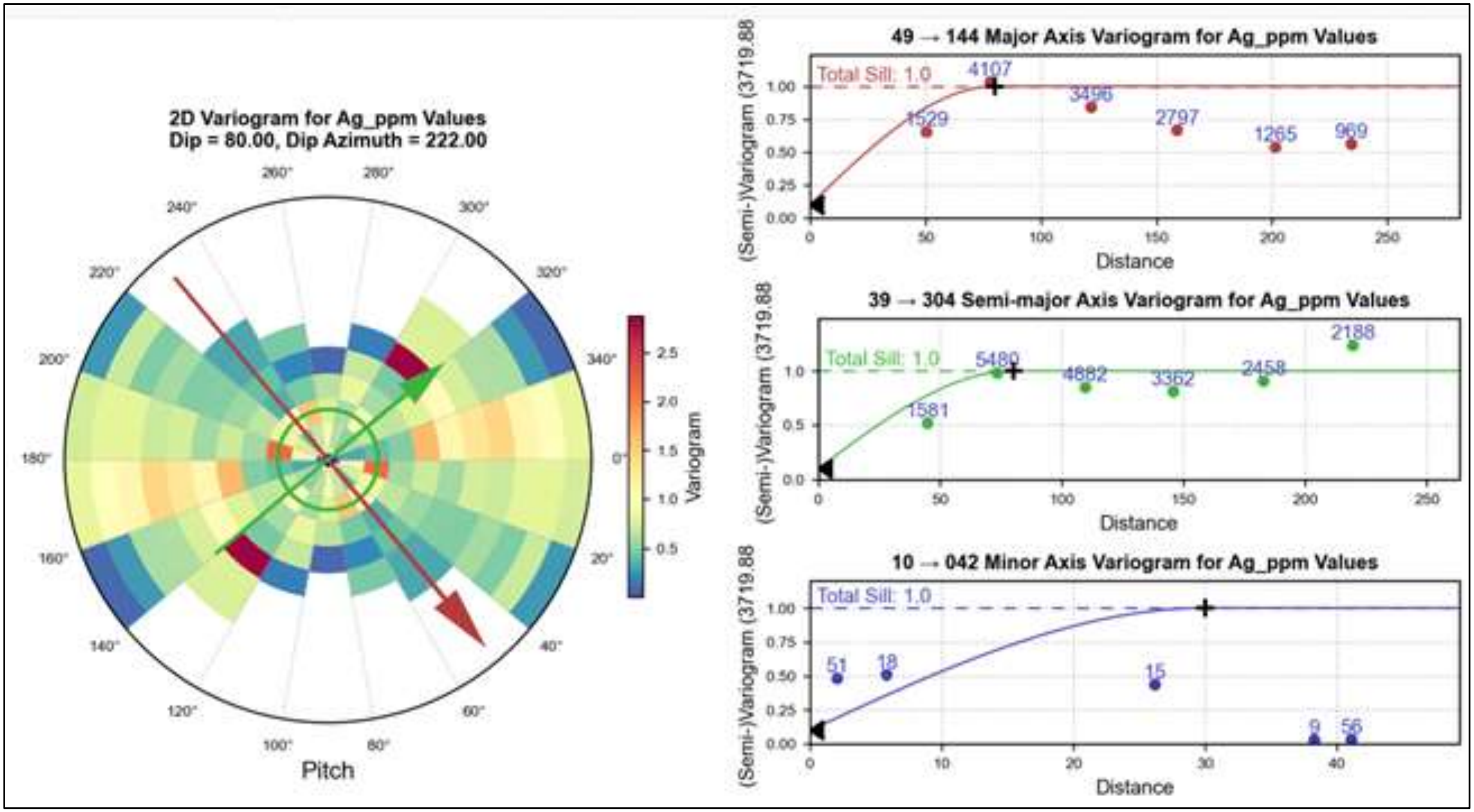
Variography analyzes the spatial continuity of grade for the commodity of interest. In the case of the Margarita Project, the analysis was conducted within the two mineralized envelopes (Vein_2 and Vein_HG), using down-the-hole variograms and 3D variographic analysis to define the directions of maximum grade continuity. Variography must be performed on regular coherent shapes with established geological continuity. First, down-the-hole variograms were constructed for silver, to establish the nugget effect (0.1) to be used to model the 3D variograms. Figure 14.4 and Figure 14.5 show the results of the variographic analysis.

For both the mineralized envelops, the most reasonable variograms were chosen to support the Ordinary Kriging interpolation method. The result of the variography analysis were used to aid in establishing the search ranges and anisotropic directions. Variograms models were prepared for Vein_2 and Vein_2S, separately. The major variogram range for Vein_2 was 80 m. However, no variogram model was able to be created for the Vein_2S envelop, due to the very limited sample data.

14.4.8 Continuity and Trends

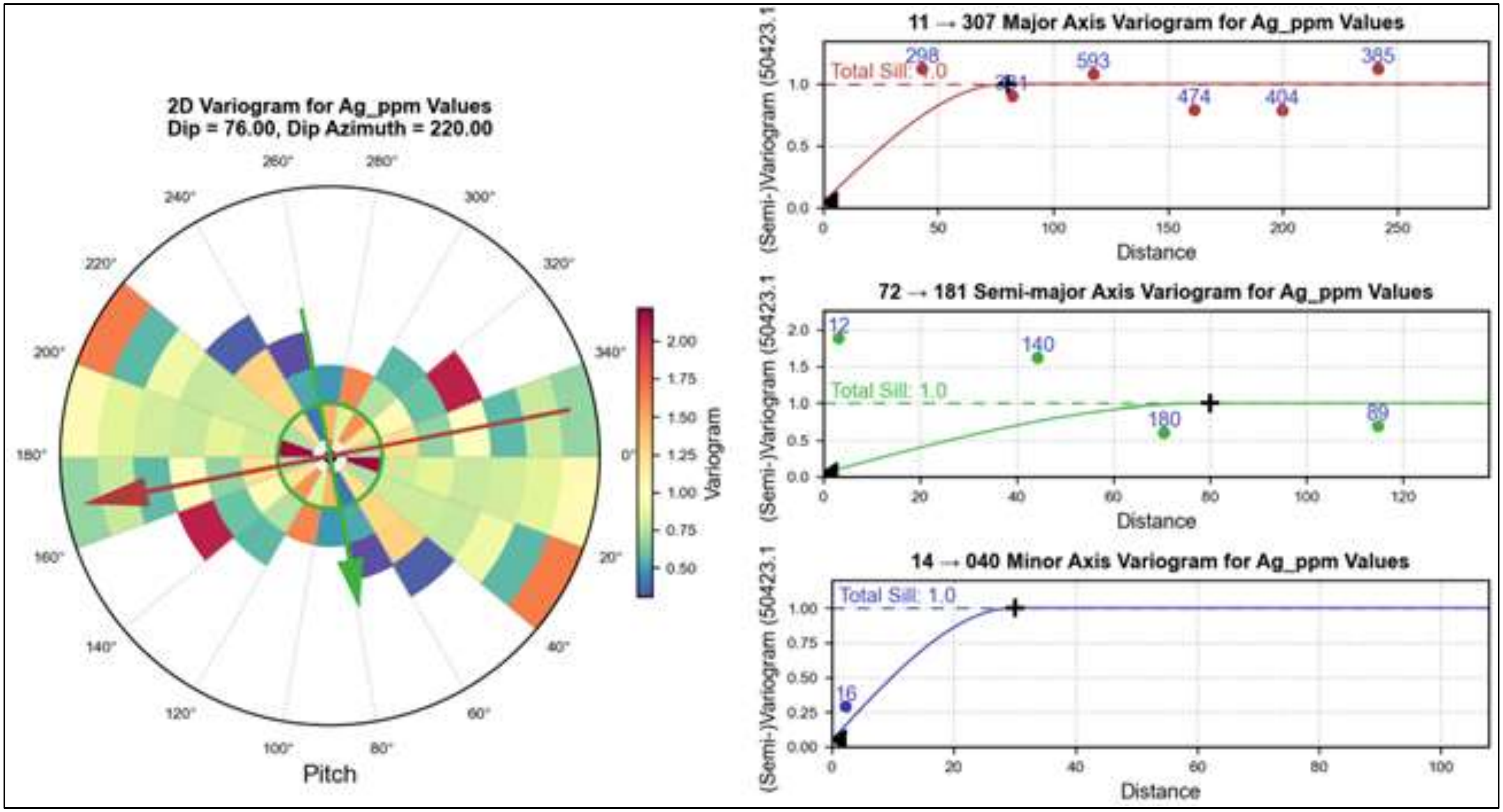
The Vein_2 mineralized zone exhibits a fairly stable strike and dip direction, with minor local variations. The Vein_HG zone, which is fully contained within the Vein_2 zone, follows the same trend. The continuity of both zones is generally supported by both the geological shape and the mineralized grade. The Vein_2 deposit azimuth and dip are 220° and 80°, respectively, with a plunge of 50° towards the southeast. The Vein_HG has the same azimuth and dip, but has a plunge of 170° towards the northwest.

Figure 14.4
Axis Aligned Variogram for Capped Silver Values for Vein_2



Micon, 2022.

Figure 14.5
Axis Aligned Variogram for Capped Silver Values for Vein_HG



Micon, April, 2022.

14.5 Mineral Resource Estimation

The grade and tonnage have been estimated for the Vein_HG, Vein_2 and Vein_2S mineralized envelopes or zones at the Margarita Project. All the steps were performed using Leapfrog Geo/Edge software.

14.5.1 Block Model

A single block model has been created to contain the geological model, silver assays and underground mining scenario parameters. Since a portion of the geological model falls outside the Margarita concessions, an attribute to consider only the estimation within the concession boundary also has been created. Other elements such as lead, zinc and others are contained within the Margarita Project database, but they have not been included in the estimation process at this time.

Table 14.4 summarizes the attributes of the block model for the Margarita Project.

Table 14.4
Summary of Margarita Project Block Model Attributes

Description	Block Model Attributes
Origin X (Easting)	352103
Origin Y (Northing)	3057833
Origin Z (Upper Elev.)	2220
Model Dimension X (m)	510
Model Dimension Y (m)	1760
Model Dimension Z (m)	350
Rotation (º)	310
Parent Block Size X (m) - Easting	3
Parent Block Size Y (m) - Northing	5
Parent Block Size Z (m) - Elevation	5
Child Block Size X (m)	1
Child Block Size Y (m)	5
Child Block Size Z (m)	5

Micon, 2022.

14.5.2 Search Strategy and Interpolation

A set of parameters, which were derived from the variography have been used to interpolate the composite grades into the created blocks. The interpolation has been performed by the Ordinary Kriging method. Table 14.5 summarizes the ordinary kriging interpolation parameters.

Table 14.5

Summary of Ordinary Kriging Interpolation Parameters for the Margarita Project

Mineralised Envelops	Pass	Ellipsoid Orientation			Variogram Parameters		Search Parameters					
		Azimuth (°)	Plunge (°)	Dip (°)	Nugget	Sill	Range Major Axis (m)	Range Semi-Major Axis (m)	Range Vertical Axis (m)	Minimum Samples	Maximum Samples	Maximum Samples per Hole
VEIN_HG	0	223	12	78	0.05	0.95	10	10	5	2	2	-
	1	Dynamic Anisotropy (search ellipse adjusted to deposit variable azimuths and dips)			0.05	0.95	120	50	15	6	12	2
	2				0.05	0.95	240	100	30	2	8	2
VEIN_2	0	222	50	80	0.1	0.9	10	10	5	2	2	-
	1	Dynamic Anisotropy (search ellipse adjusted to deposit variable azimuths and dips)			0.1	0.9	100	100	30	6	12	2
	2				0.1	0.9	200	200	60	2	8	2
VEIN_2S	1	Dynamic Anisotropy (search ellipse adjusted to deposit variable azimuths and dips)			0.1	0.9	100	100	30	6	12	2
	2				0.1	0.9	200	200	60	2	8	3

Micon, 2022.

Table 14.6
Rock Density Calculation for the Margarita Project

Sample ID	Drillhole	Depth	Length	Weight Dry (g)	Weight with Wax (g)	Weight Sealed (g)	Volume (cm^3)	PE (g/cm^3)	Description	Lithology
MAR-0537	MAR-21-005	35.80	9.00	359.80	392.30	220.60	133.50	2.70	Bx with abundant barite.	Hbx
MAR-0544	MAR-21-011	93.55	12.00	279.50	321.80	156.50	115.50	2.42	Bx and silica fragments with moderate voids.	Hbx
MAR-0548	MAR-21-016	113.10	11.00	299.50	346.50	170.00	121.20	2.47	Bx and silica fragments. Filled with White quartz and moderate voids.	Hbx
MAR-0549	MAR-21-017	91.70	16.00	330.50	353.70	200.60	125.80	2.63	Bx and silica fragments with moderate voids containing barite.	Hbx
MAR-0550	MAR-21-018	65.70	12.00	434.00	462.10	265.40	163.60	2.65	Quartz-Barite Bx with hematite and moderate voids.	Hbx
MAR-0551	MAR-21-018	95.30	13.00	369.60	413.90	209.10	152.70	2.42	Bx and very abundant silica with abundant voids.	Hbx
MAR-0553	MAR-21-020	43.80	14.00	489.90	543.40	294.60	185.90	2.64	Bx and abundant voids with hematite, intensive silicification.	Hbx

Average Hbx PE (g/cm^3)		
Laboratory	Hbx	2.5602

Magna, 2022

14.5.3 Rock Density Data

The density measurements taken for the Margarita Project have an average value of 2.56 g/cm^3. All data were provided by Magna, which reports that density measurements have been calculated based on 7 drill hole samples of hydrothermal breccia. The details are summarized in Table 14.6.

14.5.4 Prospects for Economic Extraction

The CIM standards require that a mineral resource must have reasonable prospects for eventual economic extraction.

The silver price, mining and operating costs were proposed by Magna and approved by Micon's QP. In the QP's opinion the economic parameters are reasonable, although they were not developed from first principles specifically for the Margarita Project and are considered conceptual in nature (Table 14.7).

Table 14.7
Summary of the Economic Assumptions for the Conceptual Underground Mining Scenario

Description	Units	Value Used
Silver Price	US$/oz	25.00
Mining Cost	US$/t	20.28
Processing Cost	US$/t	17.57
General & Administration	US$/t	4.57
Silver Oxide Recovery (Metallurgical)	%	78

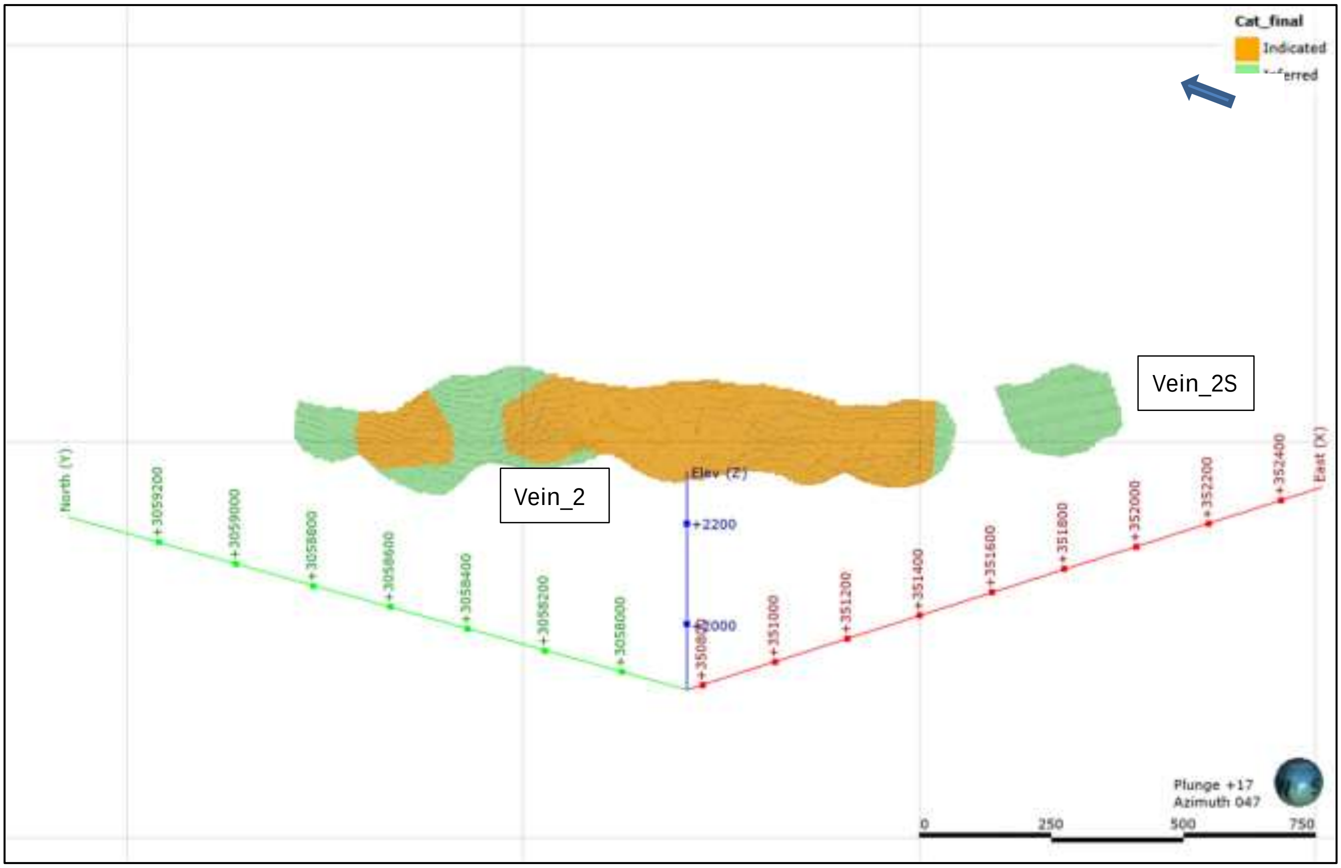
Magna, 2022.

The mineral resource has been constrained by reasonable mining shapes, using economic assumptions for an underground mining scenario. Using the parameters noted in Table 14.6, the calculated breakeven cut-off silver grade is 68 g/t for underground mining. However, Magna has decided to report the resources at the Margarita Project using a cut-off grade of 75 g/t silver to better demonstrate the potential Project economics.

14.5.5 Mineral Resource Classification

Micon has classified the mineral resource estimate in the indicated and inferred categories. The indicated category is estimated for that portion of the mineralization where 3 or more drill holes are located within an 80 m distance along strike and down dip. All remaining blocks not categorized as indicated are estimated to be in the Inferred category. However, despite having 3 drill holes within the specified interval, Vein_2S has been classified entirely in the inferred category, because of the very limited amount of sample data. No resources have been classified as measured, at this time. Figure 14.6 is a sectional view of the distribution of the indicated and inferred categories for the mineral resource estimate within the mineralized envelopes of the Margarita Project.

Figure 14.6
Sectional View along Vein_2 showing the Resource Categorization of Margarita Project



Micon, April, 2022.

14.6 MINERAL RESOURCE STATEMENT

The mineral resource estimation was conducted based on a cut-off grade of 75 g/t silver and an underground mining scenario, and was classified according to the CIM standards and definitions. The mineral resource estimate for the Margarita Project, with an effective date of April 8, 2022, is summarized in Table 14.8.

Table 14.8
Mineral Resource for Margarita Project as of April 08, 2022

Mining Status	Resource Category	Vein	Tonnage (Kt)	*Average Grade (Ag g/t)*	Metal Content (x1,000 oz)
Crown Pillar	Indicated	VEIN_2	54	101.2	175
		Vein_HG	71	302.9	695
		Total	125	216.2	870
	Inferred	VEIN_2	4	86.0	12

		Vein_2S	58	176.4	332
		Total	63	170.3	343
Rock	Indicated	VEIN_2	1,022	113.4	3,726
		Vein_HG	707	335.0	7,620
		Total	1,729	204.1	11,346
	Inferred	VEIN_2	71	101.0	231
		Vein_2S	320	161.7	1,663
		Total	391	150.6	1,894
Total	Indicated	VEIN_2	1,075	112.8	3,901
		Vein_HG	779	332.1	8,316
		Total	1,854	204.9	12,217
	Inferred	VEIN_2	75	100.1	243
		Vein_2S	378	164.0	1,994
		Total	454	153.4	2,237

Notes:

1. The effective date for the Margarita Project mineral resource estimate is April 08, 2022.
2. The estimate includes only mineralization that is completely within the mining concessions boundaries.
3. The mineral resources are reported based on an underground mining method scenario, assuming a recoverable crown pillar of 15 m, and are constrained by reasonable underground prospects for economic extraction.
4. The mineralized wireframes within which the resources are contained were modelled at a base case cut-off grade of 25.0 g/t silver for Vein_2 and Vein_2S and 300.0 g/t silver for the High-Grade vein (Vein_HG). The Vein_HG is entirely contained within the south side of the Vein 2 envelope. All modelling work was conducted using Leapfrog Geo Software.
5. For the purposes of the mineral resource estimate, the Vein_HG resources, while contained within the Vein 2 envelope, are estimated exclusive of the Vein 2 resources.
6. Grade capping was applied to reduce the influence of outlier samples; 350.0 g/t silver was used for the Low-Grade envelopes (Vein_2 and Vein_2S) and 1,000.0 g/t silver was used for the Vein_HG envelope.
7. The economic parameters used to define mineral resources are a metal price of US$25.0 per troy ounce silver, an underground mining cost US$20.28/t, a processing cost of US$17.57/t and a G&A cost of US$4.57/t, for a total of US$42.42/t mined and processed. The silver recovery was estimated at 78%.
8. The silver cut-off grade calculated from the economic assumptions is 68.0 g/t silver. However, Magna decided to report resources at 75.0 g/t silver, given the nature of high-grade continuity of the deposit and to better demonstrate the potential Project economics.
9. The mineral resource has been categorized in the Indicated category for that portion where 3 or more drill holes are located within 80 m distance along strike and down dip. All remaining blocks not categorized as indicated are estimated in the Inferred category. The Vein_2S resources are estimated entirely as inferred, due to the small amount of data.
10. The mineral resources presented here were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
11. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The QP believes that, at this time, the mineral resource estimate is not materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues. However, as the Margarita Project advances, further required studies in these areas or other socio-political changes may affect the resource estimate.
12. The mineral resource estimate has been prepared without reference to surface rights or the potential presence of overlying public infrastructure.
13. Figures may not total due to rounding.

14.7 Mineral Resource Validation

Micon QPs have validated the block model using two methods: visual inspection and trend analysis.

14.7.1 Visual Check

The model blocks and the drill hole intercepts were viewed in section to ensure that the grade distribution in the blocks was honouring the drill hole data. Figure 14.7 and Figure 14.8 are typical vertical sections for the mineralized envelop of Vein_2, containing Vein_HG. The degree of agreement between the block grades and the drill intercepts is satisfactory.

14.7.2 Swath Plots

The block model grades and the grades of the informing composites were compared using swath plots in a northing direction. Examples of the swath plots are shown in Figure 14.9 and Figure 14.10. The analysis showed a satisfactory degree of agreement.

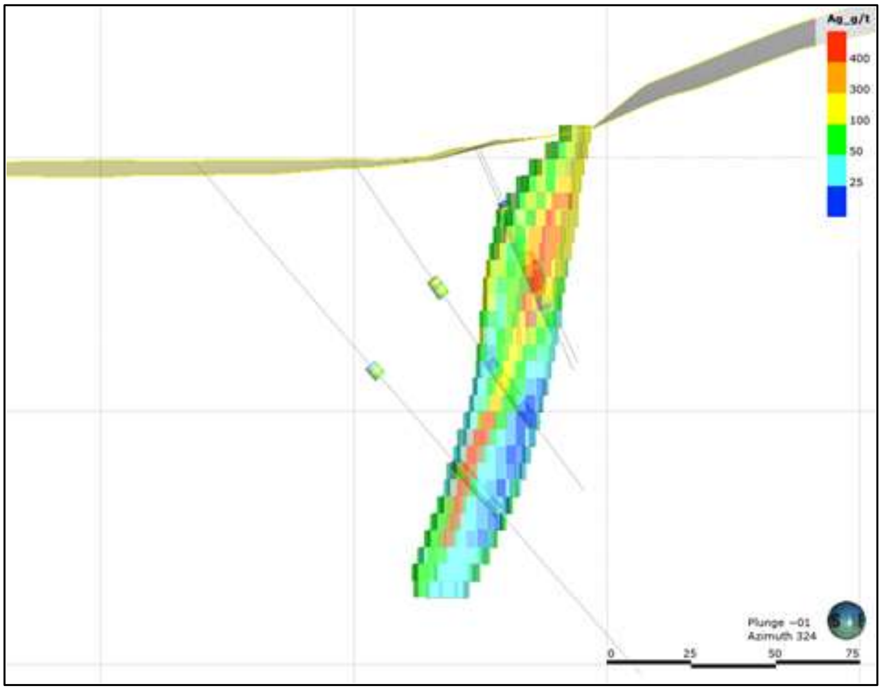
14.8 Mineral Resource Sensitivity Analysis

Micon performed cut-off grade sensitivity analysis within the mineralized model. Figure 14.11 presents the grade tonnage curve. The cut-off grade sensitivity analysis within the mineralized model is based on two separate parameters, with the first parameter using the cut-off grade and category (Table 14.9) and the second using the cut-off grade and zone (Table 14.10), respectively. The QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.

14.9 Responsibility for Mineral Resource Estimation

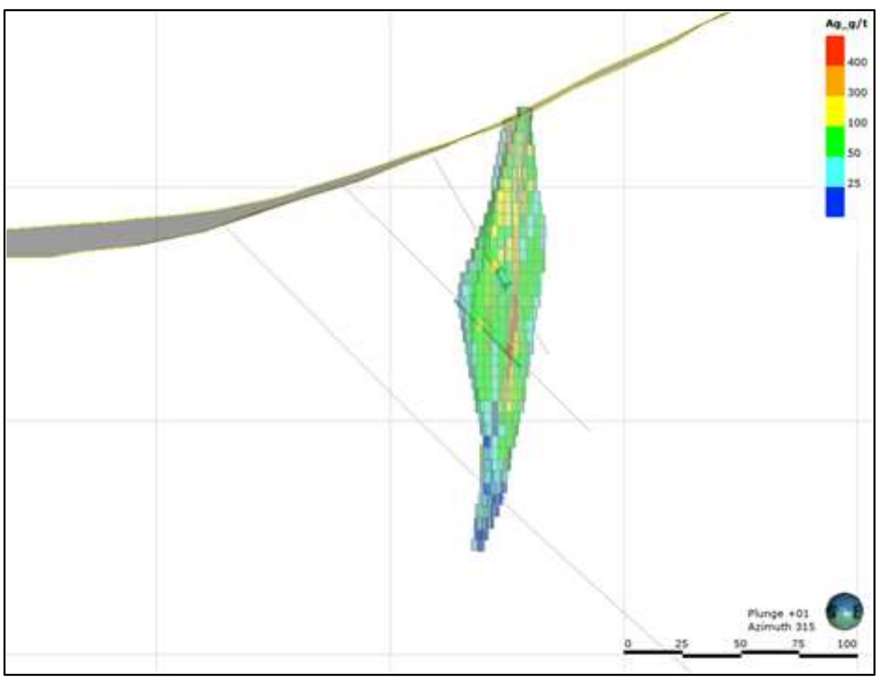
The updated mineral resource estimated discussed in this Technical Report has been prepared under the supervision of William J. Lewis, P.Geo., of Micon. Mr. Lewis is independent of Magna and is a Qualified Person within the meaning of NI 43-101.

Figure 14.7
Typical Vertical Section for Margarita Project showing the High Grade Blocks near Surface (Looking North)



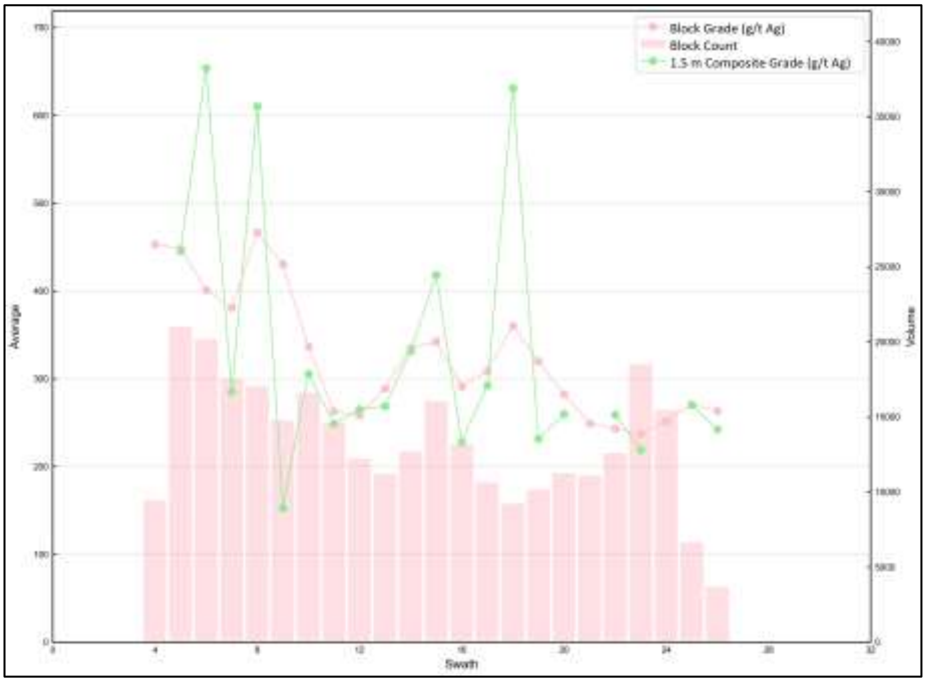
Micon, 2022.

Figure 14.8
Typical Vertical Section for Margarita Project (Looking North)



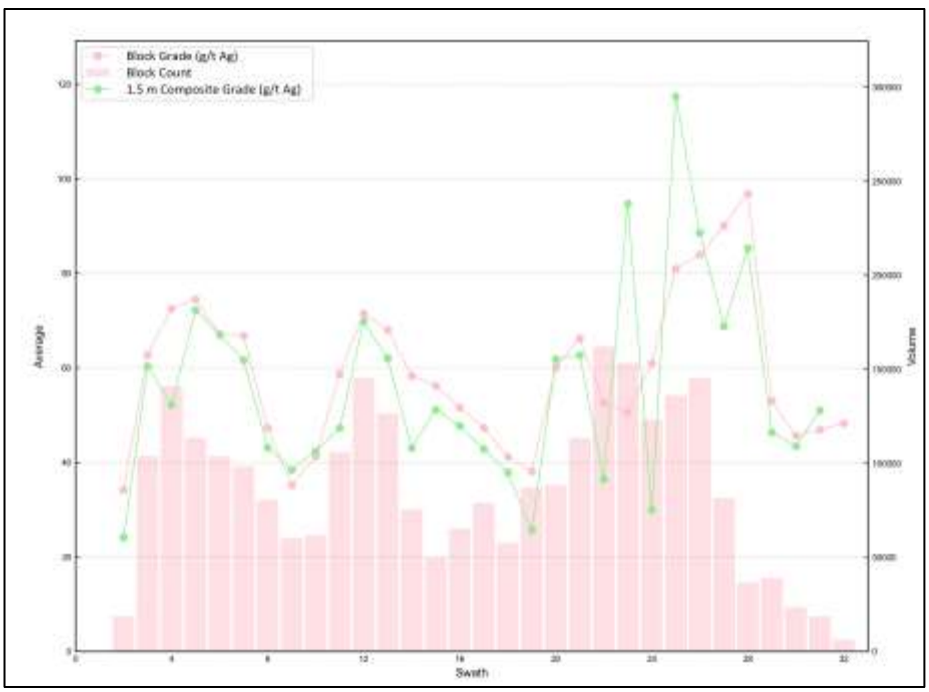
Micon, 2022.

Figure 14.9
Swath Plot for Vein_HG along Northing



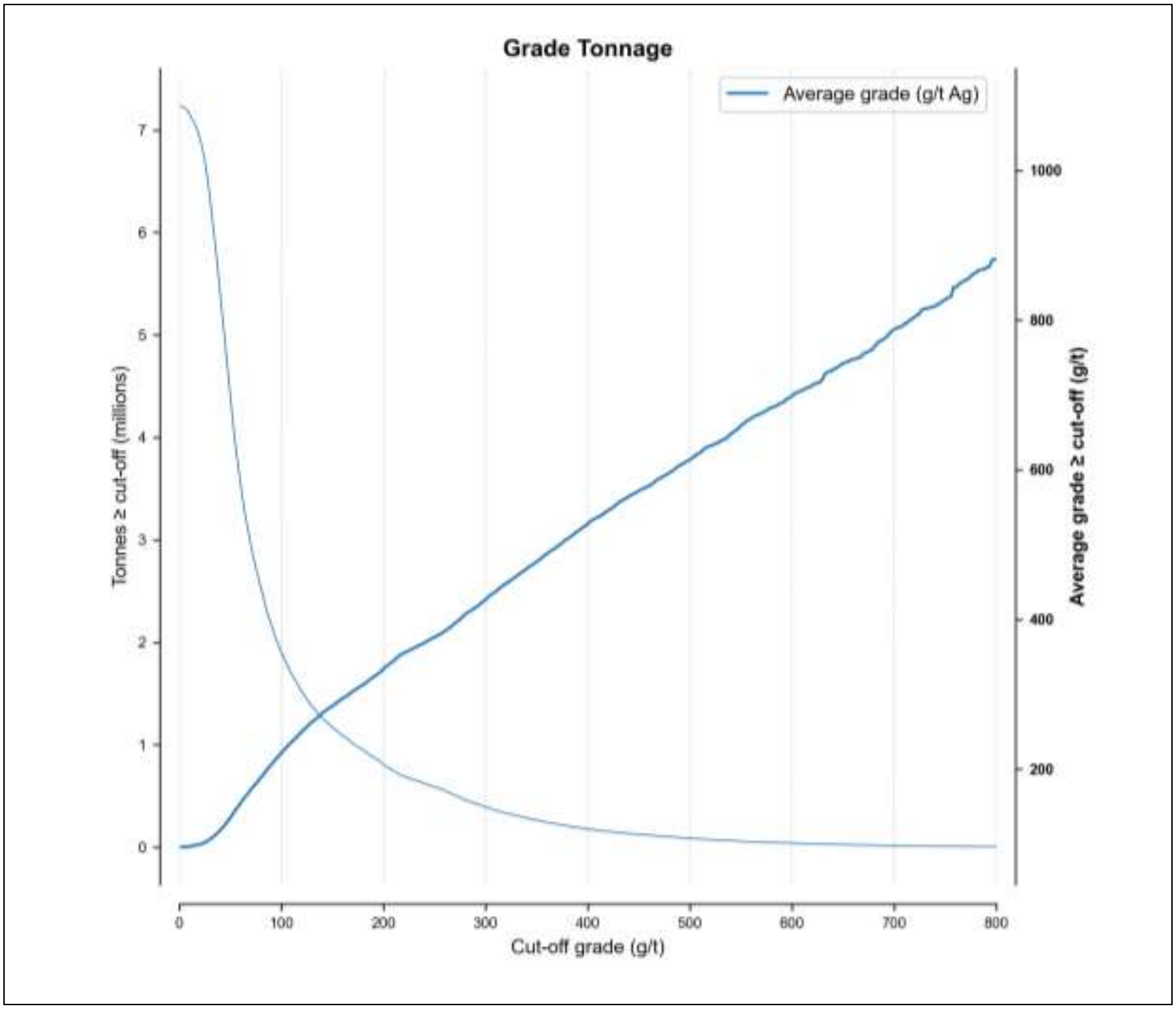
Micon, 2022.

Figure 14.10
Swath Plot for Vein_2 along Northing



Micon, 2022.

Figure 14.11
Grade Tonnage Curve for Margarita Project



Micon, 2022.

Table 14.9
Sensitivity Analysis by Category and Grade

Category	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Indicated	50	2,934	151.9	14,323
	68	2,075	190.6	12,718
	75	1,854	204.8	12,210
	100	1,320	252.9	10,728
	125	1,036	291.7	9,714
	150	892	316.8	9,083
	175	814	331.7	8,676

Category	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
	200	746	344.8	8,265
	250	583	378.3	7,086
	300	399	425.9	5,462
Inferred	50	554	136.8	2,438
	68	480	148.9	2,297
	75	454	153.4	2,237
	100	375	167.4	2,017
	125	312	178.7	1,790
	150	252	188.2	1,525
	175	161	202.5	1,051
	200	67	222.8	480
	250	12	269.6	105

Micon, 2022.

Notes:

1. The sensitivity analysis by category and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

Table 14.10
Sensitivity Analysis by Zone and Grade

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Vein_HG	50	773	331.4	8,235
	68	773	331.5	8,235
	75	773	331.5	8,235
	100	770	332.2	8,228
	125	768	333.0	8,218
	150	756	335.9	8,169
	175	736	340.6	8,062
	200	694	349.8	7,803
	250	559	379.9	6,826
	300	389	425.5	5,327
VEIN_2	50	2,263	86.7	6,308
	68	1,370	105.3	4,637
	75	1,137	112.2	4,102
	100	565	138.6	2,515
	125	271	168.2	1,468
	150	134	201.1	866
	175	74	234.3	555

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
	200	47	260.8	398
	250	19	317.4	192
	300	5	437.3	70
Vein_2S	50	406	157.0	2,050
	68	385	162.4	2,010
	75	378	164.0	1,994
	100	349	170.3	1,910
	125	302	179.4	1,740
	150	247	188.4	1,498
	175	159	202.5	1,038
	200	66	222.8	473
	250	12	269.6	105
	300	0	—	0

Micon, 2022.

Notes:

1. The sensitivity analysis by zone and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

TECHNICAL REPORT SECTIONS NOT REQUIRED

The following sections which form part of the NI 43-101 reporting requirements for advanced projects or properties are not relevant to the current Technical Report for the Margarita Project:

15.0 MINERAL RESERVE ESTIMATES

16.0 MINING METHODS

17.0 RECOVERY METHODS

18.0 PROJECT INFRASTRUCTURE

19.0 MARKET STUDIES AND CONTRACTS

20.0 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

21.0 CAPITAL AND OPERATING COSTS

22.0 ECONOMIC ANALYSIS

23.0 ADJACENT PROPERTIES

23.1 CERRO LOS GATOS DEPOSIT AT THE LOS GATOS PROJECT

Margarita Project is located less than 20 km northwest of Gatos Silver's Cerro Los Gatos Deposit at the Los Gatos Project.

According to the December, 2019 Technical Report by Tetra Tech, the Cerro Los Gatos deposit is located in the contact zone between the Sierra Madre Occidental volcanic province of western México and the Mesozoic Chihuahua basin, largely sedimentary, to the East. It is also located in the general union of the Sierra Madre Occidental (SMO), Chihuahua and Parral Tectonostratigraphic Terranes.

The area is largely characterized by a thick sequence of Tertiary volcanic rocks that are generally dissected by a strong north-northwest bearing fault system that divides the area into the plateau and barranca sections. This sequence is subdivided into two major units, the Lower Volcanic Group and the Upper Volcanic Group. The area is one of the largest known epithermal, precious-metal metallogenic provinces. It has been known since the 1600s and is host to well-known gold-silver producing mining districts, including Concheño, Ocampo, Batopilas, San Dimas-Tayoltita, Topia, Guanaceví, Bacís, San Francisco, Santa Bárbara, Velardeña, San José del Oro, Cosalá, Mulatos, La Ciénega, El Sauzal, Pinos Altos and Candameña Mining Districts currently in operation and/or exploration and other projects and old mining areas, such as the Guadalupe Los Reyes, Cordero and Lluvia de Oro.

Mineral resources have been estimated for the epithermal veins of the Cerro Los Gatos deposit which is currently the main mineral deposit at the Los Gatos Project, and the subject of the 2017 Feasibility Study and current underground mine development. Mineral resource estimates for the Los Gatos Project are contained in a December, 2019 and a subsequent July, 2020 Technical Report. Both reports were prepared by QPs of Tetra Tech in Colorado.

23.2 MICON QP COMMENTS

The Micon QP for this section does not consider that the information disclosed regarding the Cerro Los Gatos deposit, while also comprised of epithermal veins, is necessarily indicative of mineralization found within the Margarita Project.

24.0 OTHER RELEVANT DATA

All relevant data and information regarding Magna's Margarita Project are included in other sections of this Technical Report.

Neither Micon nor the QPs of this report are aware of any other data that would make a material difference to the quality of this Technical Report or make it more understandable, or without which the report would be incomplete or misleading.

25.0 INTERPRETATION AND CONCLUSIONS

25.1 GENERAL

The Margarita Project is located in the Municipality of Satevó, in Northern México, in the South-central part of the State of Chihuahua. The property is situated approximately 90 km southeast of the city of Cuauhtémoc and 120 km southwest of the city of Chihuahua, the state capital.

In 2020, Magna acquired the Margarita Project from Sable and proceeded to review the results of Sable's 2018-2019 exploration and drilling programs. Upon the completion of the review, Magna laid out its own 2021-2022 exploration and drilling programs to build upon the results of Sable's prior work.

Magna's exploration and drilling programs were successful and have resulted in an initial mineral resource estimate conducted by Micon's QPs. The mineralized zone which is the subject of the mineral resource estimate remains open along strike and down dip. In addition, there are a number of mineralized structures or zones which are parallel to the zone containing the current mineral resource estimate that remain to be explored. Therefore, Micon's QPs believe that further exploration is warranted to identify not only the extent of the mineralization in the current zone, but also that of the secondary zones.

25.2 MARGARITA PROJECT MINERAL RESOURCE ESTIMATE

25.2.1 Methodology, Database and Other Modelling Parameters

25.2.1.1 Methodology

The mineral resource estimate for the Margarita Project was conducted on the primary vein (Vein_2), a high-grade portion (Vein_HG) contained within Vein_2, and a southern segment (Vein_2S). The resource area covers a strike length of approximately 1.5 km, a width of up to 15 m, to a vertical depth up to 170 m below surface.

25.2.1.2 Database

The database that was used for resource estimation comprises exploration trenching and drilling results from 2018 to 2022 programs. The resource database consists of sampling information from 78 diamond drill holes and 30 trenches. All diamond drill holes are northeasterly dipping, except for M-DDH-19-30. The database covers the strike length of 1.5 km at variable drill spacings, ranging from 25 m to 100 m for the primary Margarita vein. A total of 5,824 raw silver samples totalling 13,981 m have been used in the database. The drilling database includes lithological descriptions, as well as silver, gold, copper, lead, zinc, arsenic, antimony, barium and manganese assays.

The trench assays include assays for silver, gold, copper, lead and zinc. All of the assay data were included into the resource database for the purpose of wireframing and resource estimation but only the silver grades were used for the mineral resource estimate.

25.2.1.3 Topography

The Margarita Project topography was provided by Magna as a shape file format, from which a topographic surface was prepared and used for the whole Project. A recoverable crown pillar was also created using this topographic surface, as part of considering an underground mining scenario for the mineral resource estimate.

25.2.1.4 Three-Dimensional Modelling

The wireframing for the Margarita Project included the main silver mineralized vein or zone (Vein_2), a high-grade zone (Vein_HG) and a southern mineralized zone (Vein_2S). The Vein_HG has been modelled in such a manner that the high-grade zone is entirely surrounded by the Vein_2. However, the Vein_2S is separated from the Vein_2 by a very low-grade or non-mineralized area. The geological model for Margarita was prepared using Leapfrog Geo software.

The model wireframe mineral envelopes were generated based on a cut-off grade of 25 g/t silver for Vein_2 and Vein_2S and 300 g/t for the Vein_HG, with local exceptions to maintain the continuity of the wireframe envelope. A minimum width of 3 m has been used to create the mineralized zone wireframes. For the surface extrapolation of the zones, the trench sample assays were considered.

25.2.2 Data Analysis

25.2.2.1 Compositing

The selected intercepts for the Margarita Project were composited into 1.5 m equal length intervals within the wireframe. The composite length was determined based on most common original sample length in the database.

25.2.2.2 Grade Capping

For the Vein_2 and Vein_HG zones, all outlier values for silver were analyzed within the wireframe using histograms and log probability plots and a grade cap of 350 g/t silver was applied to the Vein_2 zone and 1,000 g/t silver was applied to the Vein_HG zone. No grade capping was performed for the wireframe Vein_2S due to limited sample data.

25.2.2.3 Variography

Variography analyses the spatial continuity of grade for the commodity of interest. In the case of the Margarita Project, the analysis was conducted within the two mineralized envelopes (Vein_2 and Vein_HG), using down-the-hole variograms and 3D variographic analysis to define the directions of maximum grade continuity. Variography must be performed on regular coherent shapes with established geological continuity. First, down-the-hole variograms were constructed for silver, to establish the nugget effect (0.1) to be used to model the 3D variograms.

For both the mineralized envelopes, the most reasonable variograms were chosen to support the Ordinary Kriging interpolation method. The result of the variography analysis were used to aid in establishing the search ranges and anisotropic directions. Variograms models were prepared for Vein_2 and Vein_2S, separately. The major variogram range for Vein_2 was 80 m. However, no variogram model was able to be created for the Vein_2S envelope due to the very limited sample data.

25.2.2.4 Continuity and Trends

The Vein_2 mineralized zone exhibits a fairly stable strike and dip direction, with minor local variations. The Vein_HG zone, which is full contained within the Vein_2 zone, follows the same trend. The continuity of both zones is generally supported by both the geological shape and the mineralized grade. The Vein_2 deposit azimuth and dip is 220° and 80°, respectively with a plunge of 50° towards the southeast. The Vein_HG has the same azimuth and dip but has a plunge of 170° towards the northwest.

25.2.3 Mineral Resource Estimate

The grade and tonnage have been estimated for the Vein_HG, Vein_2 and Vein_2S mineralized envelopes or zones at the Margarita Project. All the steps were performed using Leapfrog Geo/Edge software.

25.2.3.1 Block Model

A single block model was created to contain the geological model, silver assays and underground mining scenario parameters. Since a portion of the geological model falls outside the Margarita concessions, an attribute to consider the estimation only within the concession boundary also was created. Other elements such as lead, zinc and others are contained within the Margarita Project database, but they have not been included in the estimation process at this time.

25.2.3.2 Search Strategy and Interpolation

A set of parameters, which were derived from the variography, have been used to interpolate the composite grades into the created blocks. The interpolation was performed by Ordinary Kriging method.

25.2.3.3 Rock Density Data

The density measurements taken for Margarita Project have an average value of 2.56 g/cm^3. All data were provided by Magna, which reports that density measurements have been calculated based on 7 drill hole samples of hydrothermal breccia.

25.2.3.4 Prospects for Economic Extraction

The CIM standards require that a mineral resource must have reasonable prospects for eventual economic extraction.

The silver price, mining and operating costs were proposed by Magna and approved by Micon's QP. In the QP's opinion the economic parameters are reasonable, although they were not developed from first principles specifically for the Margarita Project and are considered conceptual in nature (Table 25.1).

Table 25.1
Summary of the Economic Assumptions for the Conceptual Underground Mining Scenario

Description	Units	Value Used
Silver Price	US$/oz	25.00
Mining Cost	US$/t	20.28
Processing Cost	US$/t	17.57
General & Administration	US$/t	4.57
Silver Oxide Recovery (Metallurgical)	%	78

The mineral resource has been constrained by reasonable mining shapes, using economic assumptions for an underground mining scenario. Using the parameters noted in Table 25.1, the calculated breakeven cut-off silver grade is 68 g/t for underground mining. However, Magna has decided to report the resources at the Margarita Project using a cut-off grade of 75 g/t silver to better demonstrate the potential Project economics.

25.2.3.5 Mineral Resource Classification

Micon's QP has classified the mineral resource estimate in the indicated and inferred categories. The indicated category is estimated for that portion of the mineralization where 3 or more drill holes are located within an 80 m distance along strike and down dip. All remaining blocks not categorized as indicated are estimated to be in the inferred category. However, despite having 3 drill holes within specified interval, Vein_2S has been classified entirely in the inferred category, because of very limited amount of sample data. No resources have been classified as measured, at this time.

25.2.3.6 Mineral Resource Statement

The mineral resource estimation was conducted based on a cut-off grade of 75 g/t silver and an underground mining scenario and was classified according to the CIM standards and definitions. The mineral resource estimate for the Margarita Project, with an effective date of April 8, 2022, is summarized in Table 25.2.

Table 25.2
Mineral Resource for Margarita Project as of April 08, 2022

Mining Status	Resource Category	Vein	Tonnage (Kt)	Average Grade (Ag g/t)	Metal Content (x1,000 oz)
Crown Pillar	Indicated	VEIN_2	54	101.2	175
		Vein_HG	71	302.9	695
		Total	125	216.2	870
	Inferred	VEIN_2	4	86.0	12
		Vein_2S	58	176.4	332
		Total	63	170.3	343
Rock	Indicated	VEIN_2	1,022	113.4	3,726
		Vein_HG	707	335.0	7,620
		Total	1,729	204.1	11,346
	Inferred	VEIN_2	71	101.0	231
		Vein_2S	320	161.7	1,663
		Total	391	150.6	1,894
Total	Indicated	VEIN_2	1,075	112.8	3,901
		Vein_HG	779	332.1	8,316
		Total	1,854	204.9	12,217
	Inferred	VEIN_2	75	100.1	243
		Vein_2S	378	164.0	1,994
		Total	454	153.4	2,237

Notes:

1. The effective date for the Margarita Project mineral resource estimate is April 08, 2022.
2. The estimate includes only mineralization that is completely within the mining concessions boundaries.
3. The mineral resources are reported based on an underground mining method scenario, assuming a recoverable crown pillar of 15 m, and are constrained by reasonable underground prospects for economic extraction.
4. The mineralized wireframes within which the resources are contained were modelled at a base case cut-off grade of 25.0 g/t silver for Vein_2 and Vein_2S and 300.0 g/t silver for the High-Grade vein (Vein_HG). The Vein_HG is entirely contained within the south side of the Vein 2 envelope. All modelling work was conducted using Leapfrog Geo Software.
5. For the purposes of the mineral resource estimate, the Vein_HG resources, while contained within the Vein 2 envelope, are estimated exclusive of the Vein 2 resources.
6. Grade capping was applied to reduce the influence of outlier samples; 350.0 g/t silver was used for the Low-Grade envelopes (Vein_2 and Vein_2S) and 1,000.0 g/t silver was used for the Vein_HG envelope.
7. The economic parameters used to define mineral resources are a metal price of US$25.0 per troy ounce silver, an underground mining cost US$20.28/t, a processing cost of US$17.57/t and a G&A cost of US$4.57/t, for a total of US$42.42/t mined and processed. The silver recovery was estimated at 78%.

8. The silver cut-off grade calculated from the economic assumptions is 68.0 g/t silver. However, Magna decided to report resources at 75.0 g/t silver, given the nature of high-grade continuity of the deposit and to better demonstrate the potential Project economics.
9. The mineral resource has been categorized in the Indicated category for that portion where 3 or more drill holes are located within 80 m distance along strike and down dip. All remaining blocks not categorized as indicated are estimated in the Inferred category. The Vein_2S resources are estimated entirely as inferred, due to the small amount of data.
10. The mineral resources presented here were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council May 10, 2014.
11. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The QP believes that, at this time, the mineral resource estimate is not materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues. However, as the Margarita Project advances, further required studies in these areas or other socio-political changes may affect the resource estimate.
12. The mineral resource estimate has been prepared without reference to surface rights or the potential presence of overlying public infrastructure.
13. Figures may not total due to rounding.

25.2.4 Mineral Resource Validation

Micon QPs have validated the block model using two methods: visual inspection and trend analysis.

25.2.4.1 Visual Check

The model blocks and the drill hole intercepts were viewed in section to ensure that the grade distribution in the blocks was honouring the drill hole data. The degree of agreement between the block grades and the drill intercepts is satisfactory.

25.2.4.2 Swath Plots

The block model grades and the grades of the informing composites, were compared using swath plots in a northing direction. The analysis showed a satisfactory degree of agreement.

25.2.5 Mineral Resource Sensitivity Analysis

Micon performed cut-off grade sensitivity analysis within the mineralized model based on two separate parameters, with the first parameter using the cut-off grade and category (Table 25.3) and the second using the cut-off grade and zone (Table 25.4), respectively. The QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.

Table 25.3
Sensitivity Analysis by Category and Grade

Category	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Indicated	50	2,934	151.9	14,323
	68	2,075	190.6	12,718
	75	1,854	204.8	12,210
	100	1,320	252.9	10,728
	125	1,036	291.7	9,714
	150	892	316.8	9,083
	175	814	331.7	8,676
	200	746	344.8	8,265
	250	583	378.3	7,086
	300	399	425.9	5,462
Inferred	50	554	136.8	2,438
	68	480	148.9	2,297
	75	454	153.4	2,237
	100	375	167.4	2,017
	125	312	178.7	1,790
	150	252	188.2	1,525
	175	161	202.5	1,051
	200	67	222.8	480
	250	12	269.6	105

Micon, 2022.

Notes:

1. The sensitivity analysis by category and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

Table 25.4
Sensitivity Analysis by Zone and Grade

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
Vein_HG	50	773	331.4	8,235
	68	773	331.5	8,235
	75	773	331.5	8,235
	100	770	332.2	8,228
	125	768	333.0	8,218
	150	756	335.9	8,169
	175	736	340.6	8,062

Zone	Silver Cut-Off Grade (g/t)	Cumulative Tonnage (Kt)	Weighted Average Silver Grade (g/t)	Cumulative Metal Content (x1,000 oz)
	200	694	349.8	7,803
	250	559	379.9	6,826
	300	389	425.5	5,327
VEIN_2	50	2,263	86.7	6,308
	68	1,370	105.3	4,637
	75	1,137	112.2	4,102
	100	565	138.6	2,515
	125	271	168.2	1,468
	150	134	201.1	866
	175	74	234.3	555
	200	47	260.8	398
	250	19	317.4	192
	300	5	437.3	70
Vein_2S	50	406	157.0	2,050
	68	385	162.4	2,010
	75	378	164.0	1,994
	100	349	170.3	1,910
	125	302	179.4	1,740
	150	247	188.4	1,498
	175	159	202.5	1,038
	200	66	222.8	473
	250	12	269.6	105
	300	0	—	0

Micon, 2022.

Notes:

1. The sensitivity analysis by zone and grade is not a mineral resource; the grade cut-off sensitivity analysis is used to understand the mineralization profile of a mineral deposit and the extent of the mineralization at varying cut-off grades.
2. Micon's QP has reviewed the silver cut-off grades used in the sensitivity analysis and it is the QP's opinion that they meet the test of reasonable prospects of economic extraction.
3. Figures may not total due to rounding.

25.3 CONCLUSIONS

Magna's exploration activities have been successful in outlining the mineralization of the primary zone at the Margarita Project, which remains open along strike and at depth. The success of the exploration programs has also resulted in Magna being able to disclose an initial mineral resource estimate for the primary vein on the Margarita Project. Micon and its QPs consider that the current mineral resource estimate is robust and that the data upon which the estimate is based are suitable for use as the basis of further exploration programs and also further economic studies.

26.0 RECOMMENDATIONS

26.1 EXPLORATION BUDGET AND OTHER EXPENDITURES

Following on its successful 2021-2022 exploration and drilling program, Magna is planning to conduct an additional exploration and drilling program to expand and further define the extent of the mineralization at the Margarita Project. Magna is also planning to conduct an economic study to determine the economic potential for the Project. Table 26.1 summarizes Magna's budget for the next phase of exploration and drilling program as well as the economic studies.

Table 26.1
Magna Budget Expenditures for the Next Phase of Exploration and Drilling and Further Economic Studies

Description	Unit	Unit Cost USD	No. of Units	Total Cost USD
Geology and Exploration:				
Project Management	Monthly	8,000	6	48,000
Geologist (Salaries and Consulting Fees)	Monthly	30,950	6	185,700
Field Hands	Monthly	6,000	6	36,000
Camp and Accommodation	Monthly	7,500	6	45,000
Exploration Expenses and Supplies	Lump	10,000	2	20,000
Services and Food in Camp	Monthly	10,725	6	64,350
Core Drilling	Metres	116	15,000	1,740,000
Water (Include trucks for transportation)	Monthly	15,000	6	90,000
Trenching and Road Works	Hour	100	600	60,000
Assaying (Four Acids Digestion-ICP	Samples	35	7,500	262,500
Engineering and Feasibility	Report	100,000	1	100,000
Metallurgical Test Work	Lump	50,000	1	50,000
Drafting, Reporting and Reproduction Maps	Monthly	40,000	2	80,000
Hardware (New Laptops)	Laptop	3,000	2	6,000
Software (Annual Subscription)	Lump	40,000	2	80,000
Office Expenses	Lump	150	6	900
Logistic Exploration Support (rent core storage)	Lump	3,000	10	30,000
Travel Expenses	Lump	1,250	7	8,750
Vehicles	Trucks/Month	10,000	6	60,000
Gasoline/Diesel	Lump	1,100	8	8,800
Safety Equipment	Lump	1,000	3	3,000
Social Security and Labour Related Taxes	Estimated	3,695	6	22,170
Subtotal				3,001,170
General Administration	5% Exploration	2,568,670	5%	128,434
Total Geology and Administration				3,129,604

Description	Unit	Unit Cost USD	No. of Units	Total Cost USD
Property Acquisition and Maintenance				
Mining Taxes	Bi-Annual	2,306	2	4,612
Surface Rights and Rights of Way	Bi-annual	55,000	1	55,000
Total Property Acquisition and Maintenance				59,612
Grand Total				3,189,216

Micon and its QPs agree with the direction of Magna's next phase of exploration and economic analysis and regard the expenditures and studies as appropriate. Micon and its QPs appreciate that the nature of the programs and expenditures may change as the next phase advances, and that the final expenditures may not be the same as originally proposed.

26.2 FURTHER RECOMMENDATIONS

Micon's QPs understand that Magna is in the process of outlining the next phase of exploration and will undertake an economic study on the Margarita Project. In that context, Micon's QPs make the following additional recommendations:

1. Micon's QPs recommend that Magna reviews and upgrades the documentation of current Logging Protocols, in order to implement a set of standardized procedures for all stages of data collection and provide detailed procedures with the aim of minimizing errors and creating a systematic set of procedures during data collection. A chain of custody procedure should be included to be able to track samples along the entire process.
2. Micon's QPs recommend that Magna consider creating and certifying its own blanks and SRMs, in order to minimize the matrix effect during assaying and establish a standardized QC analysis.
3. Micon's QPs recommend that, although the observed accuracy of duplicate samples is considered acceptable at the current stage of the Project, and adequate for the mineral resource estimation herein disclosed, the accuracy requires improvement as the Project progresses into advanced stages of evaluation. The different types of duplicates need to be fully evaluated by the geological management team in timely manner, and application of corrective action put in place in order to increase the accuracy and/or understand of the origin of any differences.
4. Micon's QPs recommend that Magna should consider conducting a comprehensive mineralogical analysis, including textural relationship, mineral size, exposure, etc., to gain a better understand the impact of any fundamental error, as well as review and re-enforce the sampling procedures.
5. Micon's QPs recommend that all of the potential economic and deleterious elements are included within the resource model such that, when future economic studies are conducted on

the Margarita Project, these can be reviewed to see if they either add to the overall economics or need to be factored into the mine plan to mitigate any harm to the Project.

6. Micon's QPs recommend that additional mineralogical work be undertaken to understand the reason why the NW Composite gave significantly lower silver recoveries when compared with the SE Composite.

7. Micon's QPs recommend that additional mineralogical and metallurgical testwork programs on a selection of samples representing the lithological domains found within the mineral resources are conducted, including the following:
    - Due to the presence of potentially cyanide consuming minerals, it is recommended to consider intense pre-aeration/oxidation and pre-treatment with high lime addition for future cyanide leaching tests.
    - Additional flotation testwork should consider the leaching of the reground flotation concentrate.
    - Alternative lixiviants for the extraction of silver should be tested.
    - Preliminary grindability testwork should be completed.
    - Once a preliminary flowsheet has been developed, geochemical tests should be undertaken on process samples to assess the potential of any deleterious element, mineral or compound.
    - Although the value in the mineralization is mainly in silver, the recovery of other potentially valuable metals such as copper, zinc and lead should be investigated.

27.0 SIGNITURE PAGE

MICON INTERNATIONAL LIMITED

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, P.Geo.	Report Date: May 24, 2022
Senior Geologist	Effective Date: April 8, 2022

"Richard Gowans" {signed and sealed as of the report date}

Richard M. Gowans, P.Eng.	Report Date: May 24, 2022
Principal Metallurgist	Effective Date: April 8, 2022

"Alan San Martin" {signed and sealed as of the report date}

Ing. Alan San Martin, MAusIMM(CP)	Report Date: May 24, 2022
Mineral Resource Specialist	Effective Date: April 8, 2022

"Chitrali Sarkar" {signed and sealed as of the report date}

Chitrali Sarkar, M.Sc., P.Geo.	Report Date: May 24, 2022
Geologist	Effective Date: April 8, 2022

SERVICIOS GEOLÓGICOS IMEX, S.C.

"Rodrigo Calles-Montijo" {signed and sealed as of the report date}

Rodrigo Calles-Montijo, CPG.	Report Date: May 24, 2022
General Administrator and Principal Consultant	Effective Date: April 8, 2022

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Magna Gold Corporation, (April, 2022), https://www.magnagoldcorp.com/

29.0 CERTIFICATES OF QUALIFIED PERSONS

CERTIFICATE OF AUTHOR
William J. Lewis

As the co-author of this report for Magna Gold Corp. entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022, I, William J. Lewis do hereby certify that:

1. I am employed as a Senior Geologist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, e-mail wlewis@micon-international.com;
2. This certificate applies to the Technical Report titled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022.
3. I hold the following academic qualifications:

   B.Sc. (Geology) University of British Columbia 1985
4. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of Manitoba (membership # 20480); as well, I am a member in good standing of several other technical associations and societies, including:
   - Association of Professional Engineers and Geoscientists of British Columbia (Membership # 20333).
   - Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (Membership # 1450).
   - Professional Association of Geoscientists of Ontario (Membership # 1522).
   - The Canadian Institute of Mining, Metallurgy and Petroleum (Member # 94758).
5. I have worked as a geologist in the minerals industry for 35 years.
6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 4 years as an exploration geologist looking for gold and base metal deposits, more than 11 years as a mine geologist in underground mines estimating mineral resources and reserves and 20 years as a surficial geologist and consulting geologist on precious and base metals and industrial minerals.
7. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument.
8. I have not visited the Margarita Project.
9. This is the first report I have co-authored for the mineral property that is the subject of this Technical Report.
10. I am independent Magna Gold Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP.
11. I am responsible for Sections 1.1 to 1.6, 1.8, 1.9, 2 to 8, 12.4, 14.1 to 14.3, 14.6, 14.9 and 23 to 28 of this Technical Report. Sections 15 through 22 are not applicable to this Technical Report.
12. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 24 day of May, 2022 with an effective date of April 8, 2022.

"William J. Lewis" {signed and sealed as of the report date}

William J. Lewis, B.Sc., P.Geo.
Senior Geologist

CERTIFICATE OF AUTHOR
Richard M. Gowans

As the co-author of this report for Magna Gold Corp. entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022, I, Richard Gowans do hereby certify that:

1. I am employed as Principal Metallurgist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, e-mail rgowans@micon-international.com.
2. I hold the following academic qualifications:

   B.Sc. (Hons) Minerals Engineering, The University of Birmingham, U.K. 1980.
3. I am a registered Professional Engineer of Ontario (membership number 90529389); as well, I am a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.
4. I am familiar with NI 43-101 and by reason of education, experience and professional registration, fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes over 30 years of the management of technical studies and design of numerous metallurgical testwork programs and metallurgical processing plants.
5. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument.
6. I have not visited the Project site.
7. I have not participated in the preparation of a prior Technical Reports on the Margarita property.
8. I am independent of Magna Gold Corp. and its related entities, as defined in Section 1.5 of NI 43-101.
9. I am responsible for Section 1.7 and 13 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
10. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 24 day of May, 2022 with an effective date of April 8, 2022.

"Richard Gowans" {signed and sealed as of the report date}

Richard Gowans P.Eng.
Principal Metallurgist

CERTIFICATE OF AUTHOR
Chitrali Sarkar

As the co-author of this report for Magna Gold Corp. entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022, I, Chitrali Sarkar do hereby certify that:

1. I am employed as a Geologist by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, e-mail csarkar@micon-international.com.
2. This certificate applies to the Technical Report titled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022.
3. I hold a Master's Degree in Applied Geology from Indian School of Mines (IIT), India, 2012.
4. I am a Registered Professional Geoscientist of Ontario (membership # 3584) also a member in good standing of the Canadian Institute of Mining, Metallurgy and Petroleum.
5. I am familiar with NI 43-101 and by reason of education, experience and professional registration, fulfil the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 10 years in the metal mining industry, including more than 5 years as an exploration and production geologist in open pit and underground mines and more than 4 years as a resource geologist.
6. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument.
7. I have not visited the Margarita Project.
8. This is the first report I have co-authored for the mineral property that is the subject of this Technical Report.
9. I am independent Magna Gold Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP.
10. I am responsible for Sections 12.3, 14.4, 14.5.1 and 14.5.3 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 24 day of May, 2022 with an effective date of April 8, 2022.

"Chitrali Sarkar" {signed and sealed as of the report date}

Chitrali Sarkar, M.Sc. P.Geo.
Geologist

CERTIFICATE OF QUALIFIED PERSON
Ing. Alan J. San Martin, MAusIMM(CP)

As the co-author of this report for Magna Gold Corp. entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022, Alan J. San Martin, do hereby certify that:

1. I am employed as a Mineral Resource Specialist by, and carried out this assignment for, Micon International Limited, whose address is 900 – 390 Bay Street, Toronto, Ontario M5H 2Y2. tel: (416) 362-5135, e-mail asanmartin@micon-international.com.
2. I hold a Bachelor's Degree in Mining Engineering (equivalent to B.Sc.) from the National University of Piura, Peru, 1999.
3. I am a member in good standing of the following professional entities:
   - The Australasian Institute of Mining and Metallurgy (AusIMM), Membership #301778.
   - Canadian Institute of Mining, Metallurgy and Petroleum, Member ID 151724.
   - Colegio de Ingenieros del Perú (CIP), Membership # 79184.
4. I have been working as a mining engineer and geoscientist in the mineral industry for over 20 years.
5. I am familiar with the current NI 43-101 and, by reason of education, experience and professional registration as Chartered Professional, MAusIMM(CP), I fulfil the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 5 years as Mining Engineer in exploration (Peru), 4 years as Resource Modeller in exploration (Ecuador) and 10 years as Mineral Resource Specialist and mining consultant in Canada.
6. I have read NI 43-101 and Form 43-101F1 and the portions of this Technical Report for which I am responsible have been prepared in compliance with that instrument and form.
7. I have not visited the property that is the subject of the Technical Report.
8. I have not co-authored any previous Micon reports for the property that is the subject of the Technical Report.
9. I am independent of Magna Gold Corp. and its related entities, as defined in Section 1.5 of NI 43-101.
10. I am responsible for Sections 14.5.2, 14.5.4, 14.5.5, 14.7 and 14.8 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 24 day of May, 2022 with an effective date of April 8, 2022.

"Alan J. San Martin" {signed and sealed}

Ing. Alan J. San Martin, MAusIMM(CP)
Mineral Resource Specialist

CERTIFICATE OF AUTHOR
Rodrigo Calles-Montijo

As the co-author of this report for Magna Gold Corp. entitled "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022, I, Rodrigo Calles-Montijo do hereby certify that:

1. I am General Administrator and Principal Consultant of the firm Servicios Geológicos IMEx, S.C, located at Blvd. Morelos No. 639, Locales 13 y 14, Hermosillo, Sonora, México, C.P. 83148, Email: rodrigo.calles@sgimex.mx.
2. This certificate applies to the Technical Report "NI 43-101 Technical Report, Initial Mineral Resource Estimate for the Margarita Silver Project, Chihuahua, México" dated May 24, 2022, with an effective date of April 8, 2022.
3. I hold the following academic qualifications:
   - B.Sc. (Geologist Engineer) Autonomous University of Chihuahua 1986.
   - M.Sc. (Economic Geology) University of Sonora 1999.
4. I am a Certified Professional Geologist in a good standing with American Institute of Professional Geologist with certificate number 11567 and member of the Association of Mining Engineers, Metallurgist and Geologist of México, A.C., Membership 556.
5. I have 35 years of experience in exploration and evaluation of mineral deposits, including metallic and non-metallic deposits in several countries around the world; I have experience in evaluation of diverse types of gold and silver deposits, including placer, skarn, and disseminated and replacement deposits.
6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 20 years as an exploration geologist looking for base metal and industrial mineral deposits and more than 12 years as consulting geologist on precious, base metals and industrial minerals and operative mines.
7. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument.
8. I conducted a site visit to the Margarita Project for four days from January 31, 2021 to February 3, 2022, to assess the mineralization and other conditions at the site and at the storage/logging facilities in Chihuahua.
9. I am independent Magna Gold Corp. and its subsidiaries according to the definition described in NI 43-101 and the Companion Policy 43-101 CP.
10. I am responsible for Sections 9,10, 11, 12.1 and 12.2 of this Technical Report with Sections 15 through 22 not applicable to this Technical Report.
11. As of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading.

Report Dated this 24 day of May, 2022 with an effective date of April 8, 2022.

"Rodrigo Calles-Montijo" {signed and sealed as of the report date}

Rodrigo Calles-Montijo, M.Sc., CPG.

APPENDIX 1
GLOSSARY OF MINING AND OTHER RELATED TERMS

GLOSSARY AND DEFINED TERMS

The following is a glossary of certain mining terms that may be used in this Technical Report.

A

Ag	Symbol for the element silver.
Assay	A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.
Au	Symbol for the element gold.

B

Base metal	Any non-precious metal (e.g. copper, lead, zinc, nickel, etc.).
Bulk mining	Any large-scale, mechanized method of mining involving many thousands of tonnes of ore being brought to surface per day.
Bulk sample	A large sample of mineralized rock, frequently hundreds of tonnes, selected in such a manner as to be representative of the potential orebody being sampled. The sample is usually used to determine metallurgical characteristics.
Bullion	Precious metal formed into bars or ingots.
By-product	A secondary metal or mineral product recovered in the milling process.

C

Channel sample	A sample composed of pieces of vein or mineral deposit that have been cut out of a small trench or channel, usually about 10 cm wide and 2 cm deep.
Chip sample	A method of sampling a rock exposure whereby a regular series of small chips of rock is broken off along a line across the face.
CIM Standards	The CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council from time to time. The most recent update adopted by the CIM Council is effective as of May 10, 2014.
CIM	The Canadian Institute of Mining, Metallurgy and Petroleum.
Concentrate	A fine, powdery product of the milling process containing a high percentage of valuable metal.
Contact	A geological term used to describe the line or plane along which two different rock formations meet.
Core	The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling.

Core sample — One or several pieces of whole or split parts of core selected as a sample for analysis or assay.

Cross-cut — A horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other orebody. The term is also used to signify that a drill hole is crossing the mineralization at or near right angles to it.

Cut-off grade — The lowest grade of mineralized rock that qualifies as ore grade in a given deposit, and is also used as the lowest grade below which the mineralized rock currently cannot be profitably exploited. Cut-off grades vary between deposits depending upon the amenability of ore to gold extraction and upon costs of production.

D

Dacite — The extrusive (volcanic) equivalent of quartz diorite.

Deposit — An informal term for an accumulation of mineralization or other valuable earth material of any origin.

Development/In-fill drilling

Drilling to establish accurate estimates of mineral resources or reserves usually in an operating mine or advanced project.

Dilution — Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.

Diorite — An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene.

Dip — The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

Doré — A semi refined alloy containing sufficient precious metal to make recovery profitable. Crude precious metal bars, ingots or comparable masses produced at a mine which are then sold or shipped to a refinery for further processing.

E

Epithermal — Hydrothermal mineral deposit formed within one kilometre of the earth’s surface, in the temperature range of 50 to 200°C.

Epithermal deposit

A mineral deposit consisting of veins and replacement bodies, usually in volcanic or sedimentary rocks, containing precious metals or, more rarely, base metals.

Exploration — Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

F

Face	The end of a drift, cross-cut or stope in which work is taking place.
Fault	A break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other.
Flotation	A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.
Fold	Any bending or wrinkling of rock strata.
Footwall	The rock on the underside of a vein or mineralized structure or deposit.
Fracture	A break in the rock, the opening of which allows mineral-bearing solutions to enter. A "cross-fracture" is a minor break extending at more-or-less right angles to the direction of the principal fractures.
G	
g/t	Abbreviation for gram(s) per metric tonne.
g/t	Abbreviation for gram(s) per tonne.
Grade	Term used to indicate the concentration of an economically desirable mineral or element in its host rock as a function of its relative mass. With gold, this term may be expressed as grams per tonne (g/t) or ounces per tonne (opt).
Gram	One gram is equal to 0.0321507 troy ounces.
H	
Hanging wall	The rock on the upper side of a vein or mineral deposit.
Heap Leaching	A process used for the recovery of copper, uranium, and precious metals from weathered low-grade ore. The crushed material is laid on a slightly sloping, impervious pad and uniformly leached by the percolation of the leach liquor trickling through the beds by gravity to ponds. The metals are recovered by conventional methods from the solution.
High grade	Rich mineralization or ore. As a verb, it refers to selective mining of the best ore in a deposit.
Host rock	The rock surrounding an ore deposit.
Hydrothermal	Processes associated with heated or superheated water, especially mineralization or alteration.
I	

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Intrusive — A body of igneous rock formed by the consolidation of magma intruded into other

K

km — Abbreviation for kilometre(s). One kilometre is equal to 0.62 miles.

L

Leaching — The separation, selective removal or dissolving-out of soluble constituents from a rock or ore body by the natural actions of percolating solutions.

Level — The horizontal openings on a working horizon in a mine; it is customary to work mines from a shaft, establishing levels at regular intervals, generally about 50 m or more apart.

Limestone — A bedded, sedimentary deposit consisting chiefly of calcium carbonate.

M

m — Abbreviation for metre(s). One metre is equal to 3.28 feet.

Magna — Magna Gold Corp., including, unless the context otherwise requires, the Company's subsidiaries.

Marble — A metamorphic rock derived from the recrystallization of limestone under intense heat and pressure.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Metallurgy — The science and art of separating metals and metallic minerals from their ores by mechanical and chemical processes.

Metamorphic — Affected by physical, chemical, and structural processes imposed by depth in the earth's crust.

Mill — A plant in which ore is treated and metals are recovered or prepared for smelting; also a revolving drum used for the grinding of ores in preparation for treatment.

Mine — An excavation beneath the surface of the ground from which mineral matter of value is extracted.

Mineral — A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

Mineral Claim/Concession

That portion of public mineral lands which a party has staked or marked out in accordance with federal or state mining laws to acquire the right to explore for and exploit the minerals under the surface.

Mineralization — The process or processes by which mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit.

Mineral Resource

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals. The term mineral resource used in this report is a Canadian mining term as defined in accordance with NI 43-101 – Standards of Disclosure for Mineral Projects under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM), Standards on Mineral Resource and Mineral Reserves Definitions and guidelines adopted by the CIM Council on December 11, 2005 and recently updated as of May 10, 2014 (the CIM Standards).

Mineral Reserve

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

N

Net Smelter Return

A payment made by a producer of metals based on the value of the gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.

NI 43-101

National Instrument 43-101 is a national instrument for the Standards of Disclosure for Mineral Projects within Canada. The Instrument is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. This includes foreign-owned mining entities who trade on stock exchanges overseen by the Canadian Securities Administrators (CSA), even if they only trade on Over The Counter (OTC) derivatives or other instrumented securities. The NI 43-101 rules and guidelines were updated as of June 30, 2011.

O

Open Pit/Cut — A form of mining operation designed toextract mineralsthat lie near the surface. Waste or overburden is first removed, and the mineral is broken and loaded for processing. The mining of metalliferous ores by surface-mining methods is commonly designated as open-pit mining as distinguished from strip mining of coal and the quarrying of other non-metallic materials, such as limestone and building stone.

Outcrop — An exposure of rock or mineral deposit that can be seen on surface, that is, not covered by soil or water.

Oxidation — A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.

Ounce — A measure of weight in gold and other precious metals, correctly troy ounces, which weigh 31.2 grams as distinct from an imperial ounce which weigh 28.4 grams.

oz — Abbreviation for ounce.

P

Plant — A building or group of buildings in which a process or function is carried out; at a mine site it will include warehouses, hoisting equipment, compressors, maintenance shops, offices and the mill or concentrator.

Probable Reserve

A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

Proven Reserve

A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Pyrite — A common, pale-bronze or brass-yellow, mineral composed of iron and sulphur. Pyrite has a brilliant metallic luster and has been mistaken for gold. Pyrite is the most wide-spread and abundant of the sulfide minerals and occurs in all kinds of rocks.

Q

Qualified Person	Conforms to that definition under NI 43-101 for an individual: (a) to be an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, related to mineral exploration or mining; (b) has at least five years' experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) to have experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgement; and (ii) requires (A.) a favourable confidential peer evaluation of nthe individual's character, professional judgement, experience, and ethical fitness; or (B.) a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining.

R

Reclamation	The restoration of a site after mining or exploration activity is completed.

S

Shoot	A concentration of mineral values; that part of a vein or zone carrying values of ore grade.
Stockpile	Broken ore heaped on surface, pending treatment or shipment.
Strike	The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface.
Stringer	A narrow vein or irregular filament of a mineral or minerals traversing a rock mass.
Sulphides	A group of minerals which contains sulphur and other metallic elements such as copper and zinc. Gold and silver are usually associated with sulphide enrichment in mineral deposits.

T

Tonne	A metric ton of 1,000 kilograms (2,205 pounds).

V

Vein	A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.

W

Wall rocks	Rock units on either side of an orebody. The hanging wall and footwall rocks of a mineral deposit or orebody.
Waste	Unmineralized, or sometimes mineralized, rock that is not minable at a profit.
Working(s)	May be a shaft, quarry, level, open-cut, open pit, or stope etc. Usually noted in the plural.

Z

Zone	An area of distinct mineralization.