

# NI 43-101 Technical Report

## Mercedes Property

Municipality of Yécora  
Sonora State, Mexico

Latitude: 28° 24' 25" N  
Longitude: 109° 05' 06" W



La Lamosa hill - looking north from vantage point on Highway 16

Report Prepared for:

**Magna Gold Corporation**

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Effective Date April 30<sup>th</sup>, 2019

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# 1. Summary

The Mercedes property is situated within the municipality of Yécora, eastern Sonora in the Sierra Madre Occidental, 250 kilometres east-southeast from the state capital, Hermosillo and 20km WNW of the local centre of Yécora. It comprises two mineral concessions covering 344.75 hectares easily reached from Hermosillo by way of Federal Highway #16, which intersects the western side of the property. The district is host to numerous small and several large-scale gold and silver deposits.

Mercedes is an early stage exploration property prospective for structurally controlled high sulphidation type epithermal gold-silver mineralization. Previous operators conducted two programs of drilling over an iron oxide stained, moderately silicified ridge "La Lamosa". Historically reported intercepts from the diamond drilling program range from results below detection up to two best intercepts of 144m (true width estimate not possible) averaging 0.49g/t gold and 12.4g/t silver from surface (08MER001) and 57m (estimated true width 25m) averaging 1.15g/t gold and 13.5g/t silver from surface (08MER003). The stated intervals were drilled oblique to the target structure and provide useful indications of grade and continuity of mineralization but do not indicate true thickness of the mineralized zone. No resources or reserves exist on the property.

This document, effective date April 30<sup>th</sup>, 2019, was prepared in accordance with the requirements of NI 43-101 and as prescribed by Form 43-101F1 by independent geologist Dale Brittliffe, P.Geol.

This Technical Report was commissioned by Canadian Capital Pool Company, Magna Gold Corporation ("Magna") and is intended to support a qualifying transaction for public listing the TSX-V stock exchange. The report was updated from an earlier document prepared by the same author (*Brittliffe 2011*). The writer has conducted two site visits to the property, the most recent being on August 7<sup>th</sup>, 2018. The author recognizes the eight-month period between the site visit and the effective date of the report yet has no reason to suspect any material change in the state of the project. Steps taken by the author to confirm no material change included review of Magna Gold public disclosures as available on SEDAR. The author reviewed News Releases to date, Management Discussion and Analysis filings and Financial Statements which were available up to December 31<sup>st</sup>, 2018. The publicly available documents contained no language or expenditures indicating any exploration activities by Magna. In addition, the author requested evidence of the state of access trails and drill pad areas in the form of time-stamped digital photographs of the site. These photographs, taken by Magna representatives and digitally transmitted to the author indicate that the La Lamosa site was undisturbed when compared with photographs from the site visit. Key showings and drill access roads show no evidence of disturbance.

Available data on the property is relatively limited though the author's observations and check sampling support documented descriptions of drilling activities and surface mineralization. The author confirms evidence of a mineralized system at La Lamosa and believes the property to be one of merit warranting drilling follow-up.

Historical technical information contained herein, (drilling, sampling etc), is sourced largely derived from a 2008 report detailing diamond drilling on the property during that year (Rioux, 2008) as well as communications and memoranda from the time. During the initial site visit to the property visit on October 24<sup>th</sup> and 25<sup>th</sup> 2010, the author collected 16 rock samples and supervised collection of 30 soil samples, confirming the presence, location and general tenor of historically

reported mineralization. The most recent site visit confirmed that there were no changes to the access and no additional development work occurred on the property.

## Property

The Property is comprised of 2 contiguous claim blocks, totalling 344.75 hectares (Table 1; Figure 2), is accessible year-round and the main prospect area is less than 500m from a gated highway turnoff.

**Table 1 Summary of Claim Status**

LOT NAME	FILE	CLAIMS ID	TITLE	AREA (ha)	OWNER	EXPIRY DATE
C.R.	82/21358	Exploitation	212937	93.049	Beatriz Delia Yepiz Fong	12/2/2051
Ampliacion Mina del Oro	82/16154	Exploitation	217854	251.699	Beatriz Delia Yepiz Fong	26/8/2052

The terms of the agreement between Magna Gold's Mexican subsidiary and Beatriz Delia Yepiz Fong detail an option to earn a 100% stake in the two claims in return for US\$1.34 million in staged payments over 4 years from the date of signing and issuance of 2,422,105 common shares in Magna Gold Inc upon completion of the qualifying transaction or six months from date of signing. The optionor would retain a 3% NSR royalty which may be purchased by the optionee within 3 years of initiation of commercial production for US\$500,000 per percentage point for a total of US\$1.5 million.

## Geology

The property is located within the Sierra Madre Occidental province, a historically productive, regionally extensive Tertiary volcanic field which stretches from the United States /Mexico border to central Mexico. Mercedes is located toward the western edge of the province and is predominantly underlain by intrusive rocks, granodiorite-monzonite plutonic rocks and quartz feldspar porphyry dykes and stocks exposed by erosion of intermediate and felsic volcanics packages of the Lower and Upper Volcanic sequences. The thick volcanic sequences are characteristic of the region and form much of the Sierra Madre Occidental. Outcrop in key areas of the property are strongly altered, brecciated intrusives and some propylitically altered volcanics. Zoned assemblages of silica, phyllic, argillic and distal propylitic alteration are recognised. The main prospect area "La Lamosa" is a prominent, highly oxidized red ridge, visible from the highway.

Gold and silver are target commodities sought at Mercedes and the property exhibits textures and alteration consistent with high sulphidation epithermal mineralization.

## History

In addition to a small artisanal shaft developed on a thin quartz vein in the southeast of the property, previous exploration work includes two phases of drilling. In 1996 Compania Minera Fernanda S.A. de C.V. completed 15 Reverse Circulation holes for a total 1018m and in 2008 Norma Mines S.A. de C.V. drilled 10 diamond drillholes for a total of 1113m. Both drill programs tested the La Lamosa area and returned anomalous results.

Records for the RC drilling are incomplete though reference to the results indicate continuous, consistent gold and silver intercepts from beneath the alteration zone on the ridge. Diamond drilling conducted by Norma Mines in 2008 did confirm the presence of broad anomalous grades but did not quite replicate the tenor of those previously reported. Data from the 2008 program are

considered representative and the author confirms drilling did indeed occur, though as the core is unavailable, grades cannot be independently confirmed by additional sampling or observation. The author of this report has physically confirmed the majority of reported historical collar locations and viewed copies of assay certificates and internal progress reports, but no drill-core, coarse reject material or original assays have been located to date.

### **Environmental and Permitting**

To the best of the author's knowledge there are no existing environmental liabilities on the property. Magna has applied for and received Environment Ministry (SEMARNAT) permission to conduct drilling activities as recommended herein. The exploration activity permit is valid for three years from the date of the permit (November 29<sup>th</sup>, 2018).

Previous mine workings are limited in extent and there are no obvious waste dumps in the area. To the author's knowledge no mineral processing involving chemicals has been undertaken on the property. Many of the drill sites created previously have been washed clean of cuttings by high rainfall during seasonal downpours.

Magna has successfully negotiated short-term (12 month) land access agreements with two local stakeholders affected by the mineral concessions. There is no reason to expect that extension of these permissions will not be granted upon expiry.

### **Conclusions and Recommendations**

Showings on the Mercedes property display alteration and textures consistent with high-sulphidation epithermal gold-silver systems and "La Lamosa" prospect represents a target amenable to drill testing. Currently, surface observations and historical data indicate a prospective target zone measuring roughly 200m long with a width of up to 30m, dipping steeply to the southeast. Previous drilling data which remain unverified but of sufficient quality to be used for planning purposes indicate the mineralized oxide zone has some depth continuity and may be controlled by a steep footwall fault. Further work is recommended to test the true width and down-dip continuity of the mineralized zone observed at surface.

Accordingly, the author recommends a systematic, diamond drilling program on La Lamosa target. **Total estimated cost of an initial drilling program is estimated at US\$600,000** and comprises a 13-drillhole test totalling 2030m on five sections and a strike length of 220m.

The recommend exploration program also includes provision for additional surface exploration in the form of mapping and geochemical sampling, this routine fieldwork is recommended in order to continue to prospect untested corners of the early stage exploration property. Favourable results would support the decision for additional work on the property.

## 2. Introduction and Terms of Reference

The Mercedes early-stage exploration property, eastern Sonora, México, is located 250km from Hermosillo along Federal Highway 16, 20km west of Yécora, Sonora. The district is prospective for epithermal gold/silver mineralization and previous work on the property includes drill access earthworks, rock chip sampling, RC drilling and diamond drilling.

The focus of exploration to date is a conspicuous, red coloured ridge visible from Highway 16, known locally as La Lamosa. The property has been the focus of two short campaigns of drill testing in recent history. A small RC program was conducted in 1996 and a small diamond drilling program in 2008. In both instances, the workers of the time recorded elongate intercepts of highly anomalous gold-silver mineralization in some holes. The property is situated in an erosional window in the Upper Volcanic Sequence and is underlain by andesitic volcanics and granodiorite to granite intrusives. Many recorded mineralized showings and small-scale historical workings are noted in the district.

This document was commissioned by Magna Gold Corporation and is a revised version of previous 43-101 Technical report dated February 28<sup>th</sup>, 2011, prepared for Parlane Resources Corp by the same author, Dale Brittliffe, P.Geol. (*Brittliffe 2011*). The author originally visited the property on October 24<sup>th</sup> and 25<sup>th</sup> 2010 during which confirmation rock samples were collected for analysis and key historical drill collars and access trail locations were confirmed. The date of the current site visit by the author is August 7<sup>th</sup>, 2018, as at the effective date of this report, the author had independently undertaken review of Magna's public financial statements and reviewed recent digital photographs of the site to confirm that no exploration work has been undertaken since the date of the site visit. The author considers the property one of merit and recommends a drilling program comprising 13 diamond drill holes 2030m for an estimated \$600,000. Additional work, if results from the proposed drill program are favourable, would include property-wide prospecting/geochemistry and additional drilling to follow up positive intercepts.

This technical report is prepared in compliance with the requirements of National Instrument 43-101, and in accordance with Form 43-101F1. The author gives permission to Magna Gold Corporation that this report be filed with the TSX Venture Exchange or any regulatory body as required.

The property is an early stage exploration property having seen two previous rounds of historical drilling (1996 and 2008). All data from these activities are considered historical and where referred to herein were sourced primarily from a report detailing the 2008 Diamond Drilling program (Luc Rioux P.Geol. 2008). Said document was prepared using the prescribed 43-101 format (referred to in Galena Capital Corporation MD&A Sept 30,2008 [www.sedar.com](http://www.sedar.com)) though it is not clear whether this was submitted to regulatory bodies. Mr Rioux in turn relied on information from a 1996 report on Reverse Circulation Drilling program (report unseen by this author). The author has reviewed various internal documents from the 2008 work period including routine progress updates, emails and communications pertaining to the work. These documents indicate the operator was using industry best practice with respect to Quality Assurance and Quality Control (QA/QC) and while the data are not considered current and not directly verified by the author, they are considered of sufficient quality to provide an indication of reasonably expected tenor and extent of mineralization. Confirmation or check analysis of historical sampling was not possible as core/coarse reject material is no longer available.

Confirmation work by this author includes surface rock sampling, soil sampling and GPS recording of access trails and drillhole collar locations. The rock samples confirmed anomalous results within expected ranges and locations, a single soil line was run across the anomalous portion of the property to provide an orientation survey and record the geochemical response of the mineralized zone. A total of 16 hand samples and 30 soil samples were collected during the site visit.

Literature references are found in Section 27, and the reliability of the data is discussed in Section 3 and 12.

Magna has negotiated short-term access agreements with two surface stakeholders with property underlying the concessions. The issuer has received permission from Ejido Santa Ana de Yecora and an individual landowner named Manuel de Jesus Duarte Tineo. In both cases the initial agreement permits exploration activities on the concessions for a period of 12 months. The author has no reason to expect that at the expiry of these agreements that extensions will not be granted.

On November 29th, 2018 Minera Magna SA de CV, Magna's Mexican subsidiary company, received permission from the Mexican Environment Ministry (SEMARNAT) to undertake programmed exploration activities on the property. The permit has an expiry date 3 years from the date of approval.

The author encountered no obvious environmental concerns during the literature review or site visit. Previous mine workings are limited in extent and there are no obvious waste dumps in the area. To the author's knowledge no mineral processing involving chemicals has been undertaken on the property.

All monetary values quoted herein are reported in US Dollars. All measurements of length, area and distance are in metric units.

### **3. Reliance on Other Experts**

The author has reviewed copies of mineral concession title certificates provided by Magna and confirmed details against Mexico's public, online cartographic database. The most recent check by the author being on the effective date of this report. The public online query service, "CartoMinMex" is administered by Dirección General de Minas (General Directorate of Mines, subdirectorate of Cartography) and is a free-to-use online system designed for public and industry land queries. The service provides information on mineral concession status, applications and reductions and other cadastral information. As far as the author is aware, this database is updated regularly and is considered to provide an accurate reflection of the claim status at Mercedes. The above sources confirm the existence and geographical location and "live" status of the two concessions. Claim ownership and status information is discussed in detail in Section 4 and 6.

Legal documents pertaining to the inheritance process, transfer of concession ownership and acquisition agreements provided by Magna Gold's legal representatives were reviewed by the author. Documents viewed included an executed option agreement "*Exploration and Option to Purchase Mining Concessions*" between the Optionor and Magna's Mexican subsidiary, Minera Magna SA de CV, dated September 25<sup>th</sup>, 2018 accompanied by an extension agreement between

Optionor and Optionee “Extension Agreement” dated 22<sup>nd</sup> March 22<sup>nd</sup>, 2019 and a subsequent Waiver document further adjusting payment dates, signed March 24<sup>th</sup>, 2019

During the early stages of negotiation of the Option agreement, the two concessions formed portion of a deceased estate, pending a legal inheritance process. The author has reviewed the notarized will of the late owner (Coffey 2015) , a copy of the civil court ruling on the inheritance granting title as bequeathed to the current optionor dated October 26<sup>th</sup>, 2018 (Cota, 2018) as well as official stamped change of ownership submissions to the Ministry of Mines dated as received by the department on November 26<sup>th</sup>, 2018 (Medina, 2018). The author, while not qualified to make professional judgement on these legal documents, believes them to outline a clear, satisfactory conclusion of the inheritance process.

The author has reviewed an Environmental Permit authorizing initiation of the drilling program proposed within this report. Permission was granted to Magna’s Mexican subsidiary on November 29<sup>th</sup>, 2018 by SEMARNAT, Mexico’s Federal Ministry responsible for managing Environmental Protection and Natural Resources.

Mineralized showings and previous drillholes as described herein are located within the boundaries of the claims. As normal recommended procedure, a professional legal review into the claim status and tax payments/assessment filings is advised. Communications between the author and Magna’s legal representative indicates that this process has been undertaken to their satisfaction.

#### 4. Property Description and Location

The Mercedes Property is located in the Municipality of Yécora, in the State of Sonora, Mexico. The property is approximately 250 kilometres southeast along federal Highway 16 from Hermosillo (Figures 1 and 2). The main workings are easily accessed by ranch tracks accessed through a gated turnoff from the highway (Figure 2) The main showings are located about 500m from the highway turnoff.

The Mercedes Property is located within UTM Zone 12, and is centered at:  
 Latitude: 28° 24' 25" N Longitude: 109° 05' 06" W  
 NAD27MexZ12 3,143,000N NAD27MexZ12 687,000E

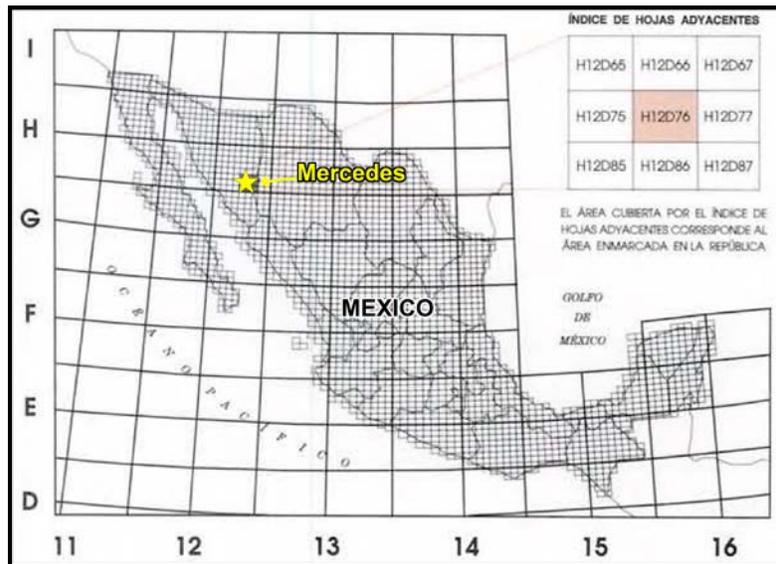


Figure 1 Mercedes Project – basemap sourced from 1:50,000 INEGI topographic map legend

Historical reports and maps seem to have contained some irregularities as to the geographic projections used. Field checks have confirmed the physical location of drill collars etc, which are all sited firmly within claim boundaries. For continuity with historical information and maps, this report details all UTM co-ordinates using the NAD27 (Mexico) projection, Zone 12.

Two contiguous claim blocks comprise the property and cover a total combined area of 344.75 hectares (Table 2; Figure 2). They are named: "C.R." and "Ampliacion Mina del Oro" and as far as this writer can determine, are in good standing, Personal communication with Magna legal counsel assures the author that some mining fees/taxes dating back to June 2017 were outstanding but have now been paid in full by Magna and the claims are up to date.

Table 2 Mercedes Property Claim Status

LOT NAME	FILE	CLAIMS ID	TITLE	AREA (ha)	OWNER	EXPIRY DATE	UTM E	UTM N
C.R.	82/21358	Exploitation	212937	93.049	Beatriz Delia Yepiz Fong	12/2/2051	687000	3143950
Ampliacion Mina del Oro	82/16154	Exploitation	217854	251.699	Beatriz Delia Yepiz Fong	26/8/2052	687100	3142900

As at the effective date of this report, an official transfer of ownership had been filed with Dirección General de Regulación Minera, detailing transfer from one Beatriz Delia Yepiz Fong (heiress to the Coffey estate) to Minera Magna SA de CV. Señora Fong being granted title as the sole legal successor to the mineral concessions as evidenced by documents viewed by the author including a copy of the legal will left by the late Sr Coffey and a copy of a civil court ruling, which grants ownership of the two claims to Señora Yepiz, dated October 25<sup>th</sup> 2018.

The issuer has claim to the two mineral concessions by way of an Option Agreement with the legal concession holder. The Agreement signed September 25<sup>th</sup>, 2018 between Beatriz Delia Yepiz Fong and Minera Magna SA de CV outlines terms whereby Magna may earn 100% ownership of the claims by making cash payments totalling US\$1.34 million in staged tranches over a four-year period from the date of signing. Payment schedule detailed below;

- Payment of US\$50,000 plus VAT at May 27<sup>th</sup>, 2019,
- 36 monthly payments of \$US15,000 beginning November 27<sup>th</sup>, 2019, ending November 27<sup>th</sup>, 2022
- Final payment of US\$750,000 on December 27<sup>th</sup>, 2022.

In addition to cash payments, Magna is obliged to issue a total of 2,442,105 common shares of Magna Gold Inc (Canadian parent company) on or before May 27<sup>th</sup>, 2020.

Completion of the payment schedule will afford the optionee the right to 100% ownership of the property. The optionor will retain a Net Smelter Return royalty of 3%. The entirety of which may be purchased by the optionee at a price of US\$500,000 per percentage point within the first three years of production (total of US\$1.5 million if exercised within the first 3 years of production).

To the extent known, there are no additional royalties, no back-in rights, additional payments or other agreements or encumbrances to which the property is subject.

The author is unaware of any environmental liabilities to which the property is subject and confirms that environmental permits for diamond drilling activities as recommended herein were granted to Minera Magna SA de CV by the Environmental Ministry SEMARNAT on November 29<sup>th</sup>, 2018. The Mexican permitting process requires filing of a comprehensive environmental evaluation document (“Informe Preventivo”) prepared and submitted by a registered environmental consultant. Mineral Magna’s authorization extends for three years from the date of the permit.

Magna representatives advise that surface access agreements are in place between the issuer and two stakeholders affected by the proposed exploration activities. Magna is granted access by one private land owner and by the Santa Ana Ejido, in both cases the permission is granted for an initial 12-month period. There is no reason to expect a problem with negotiation of extension of these agreements, the operators are well acquainted with conducting exploration in Mexico and the writer fully expects negotiations to proceed routinely.

To the extent known, there are no significant factors or risks besides noted in the technical report, which may affect access, title or the right or ability to perform work on the property.

As with all mineral concessions in Mexico, the issuer is responsible for making bi-annual tax payments and filing a “Comprobation de Obras” report which details exploration activities for the period specified in order to maintain the claims in good standing.

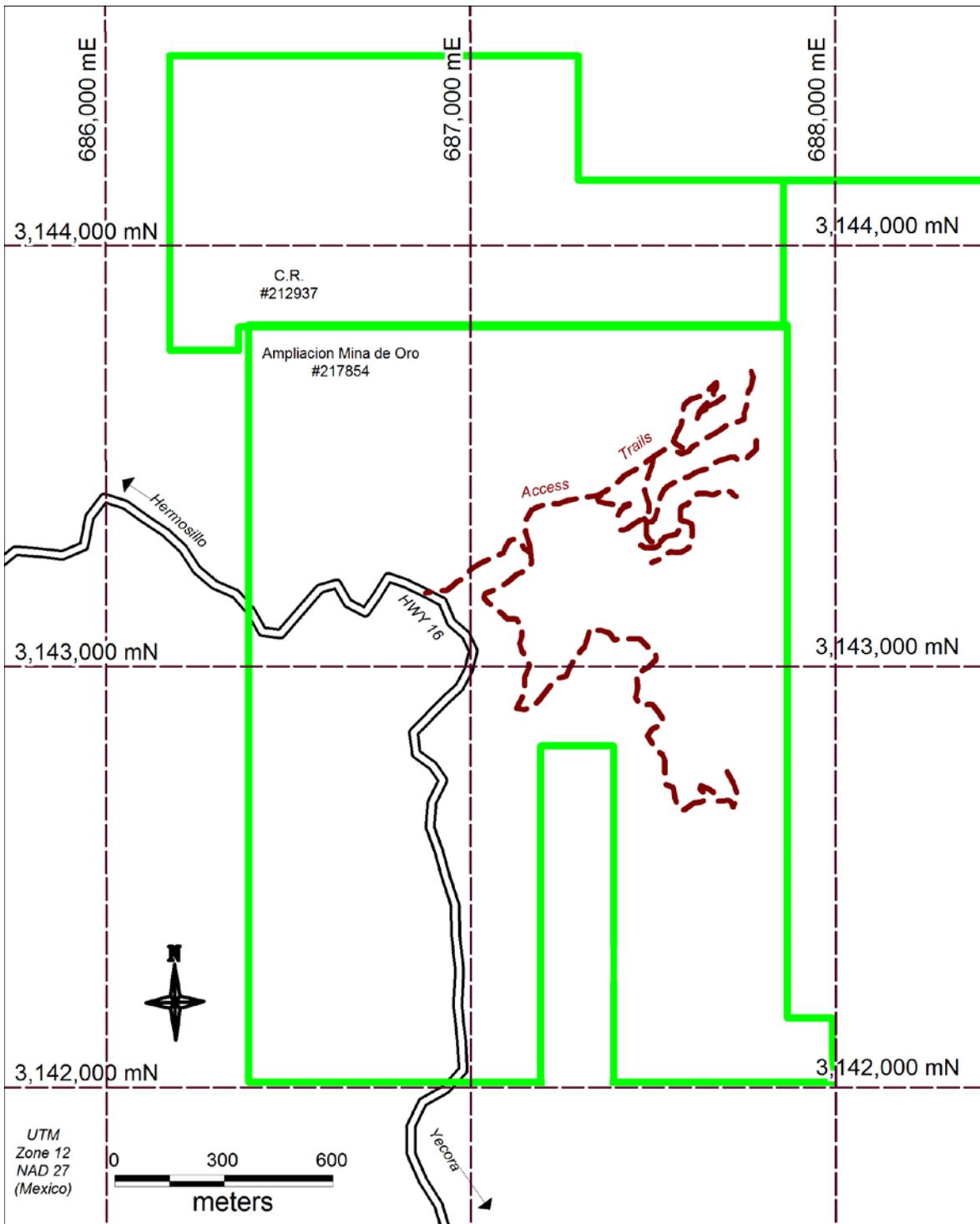


Figure 2 Mercedes Property Claim Location Map

The claim boundaries shown above were sourced from Magna Gold and checked against previous versions from Norma Mines files. The author believes them to be correct.

## 5. Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Mercedes Property is accessible from the state capital of Hermosillo by paved Federal Highway 16 (Figure 3). The Property is a 3.5 hour drive from Hermosillo, the town of Yécora lies another 25 minutes to the east. The central portion of the property is located near the 250 kilometre post. “La Lamosa” Prospect area is located 500m east of the highway turnoff and is accessed by a gated ranch access trail directly from the highway. Access to the property is in places steep and requires a 4-wheel drive.

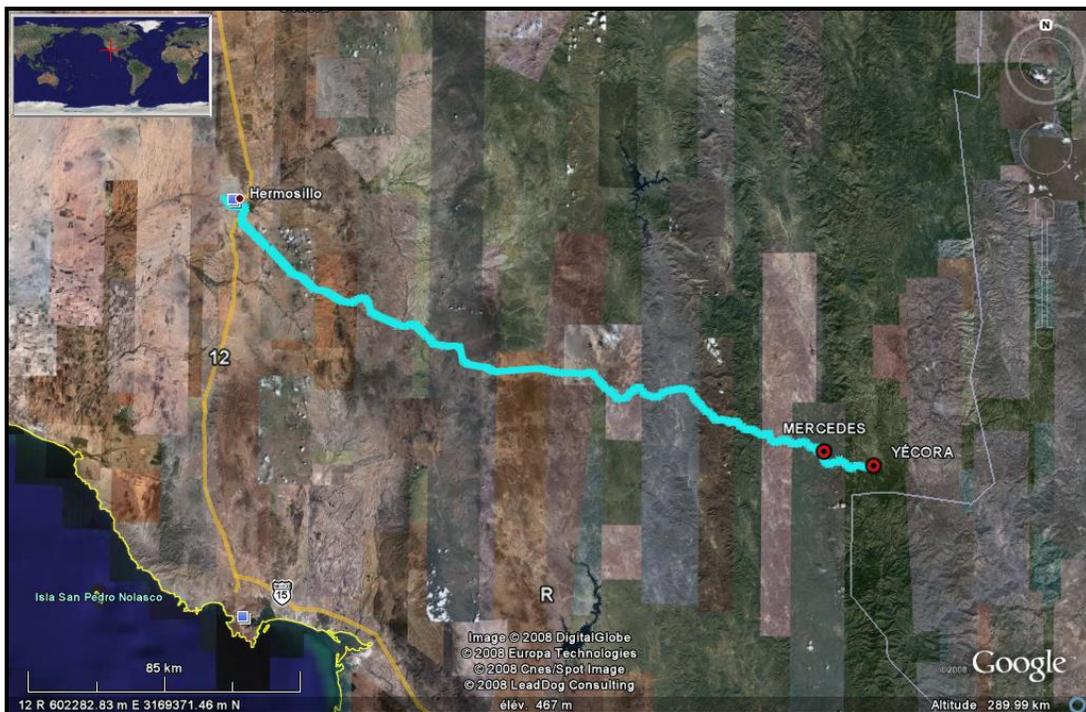


Figure 3 Regional Location Plan – Mercedes Property

The project is situated on what appears to be the edge of an erosional window in the thick tertiary volcanic sequence of the Sierra Madre Occidental (SMO) and traverses a range of elevations from the low, intrusive dominated valley bottoms in the north and east to a higher rim of mixed volcanics/intrusives in the west and south. The local topographic relief is expressed by mountainous terrain of up to 1,400 metres above mean sea level (amsl) while the sierra along Highway 16 to the south reaches elevations over 2000m as the highway winds its way toward Yécora. The average elevation within the property limits is between 1,100 and 1,400 metres amsl.

La Lamosa Hill area was the focus of historical exploration and comprises a red coloured, highly oxidised, visually striking hill extending from the highway grade (Plate 1). Local vegetation consists of evergreen trees (mostly pines, cypress and evergreen oaks) reflecting typical lower alpine vegetation (Plate 2), the lower areas consist of low bushes and grasses.



**Plate 1 Red coloured La Lamosa Hill - looking north from Highway 16, note powerlines in foreground, Tertiary upper volcanics are visible as steep cliffs in the right background**

The operating season for fieldwork is year-round. The rainy season runs from late July through mid-September and during that time high temperatures and humidity coupled with intermittent heavy rain may slow operations.

Generally, the months of April to September are warm to hot, and the months of October to March are cooler with nighttime minimum temperature often dropping to freezing point.

Infrastructure and support services are available to the project. Highway 16 passes through the western portion of the claims as it climbs eastward toward Yécora. Numerous access trails exist, and all main showings may be reached by way of these. Refurbishment of some secondary tracks will be necessary to make them passable for vehicular traffic. There is no reliable water available within the property limits, water (for drilling purposes) was historically trucked in from a nearby well. Electricity, mail and phone services are available in Yécora. An electrical line (C.F.E) passes through the property as it parallels the paved Federal Highway 16. Accommodation and is available at Yécora or in the nearby village of Santa Ana.

The town of Yécora and the smaller village of Santa Ana have an available work force and equipment providers are also available to provide personnel and services to any future exploration and/or development needs of this property.



**Plate 2      Open, wooded slopes and existing trails at the La Lamosa Hill Prospect area**

## 6. History

The exact date of original mining exploration activities in the area is unknown; however, a history of mining exploration and development is reported in local verbal accounts. A history of mining in the Yécora district is reported to date back as far as the 1600's when a Jesuit missionary by the name of Alonso Victoria founded the town of San Idelfonso de Yécora in 1673, the town was later named Yécora by the Governor of Sonora, Adolfo de la Huerta in 1916.

### 6.1 Claim ownership and changes to land holdings

The two claims are currently in process of transfer from Sra Beatriz Delia Yepiz Fong to Minera Magna CA de CV (Mexican subsidiary of the issuer). Señora Yepiz is the legal heiress to the concessions and was granted legal right to the title by the civil court in Obergon, Sonora evidenced by a notarized summary of the ruling dated October 25<sup>th</sup>, 2018. As at the effective date of this report, an official transfer of ownership had been filed with Dirección General de Regulación Minera, detailing transfer from the legal owner to Minera Magna SA de CV., the documents stamped as received by the Mining office on November 26<sup>th</sup>, 2018.

Recent history includes several changes in option holders over the last ten years as summarized below;

In 2007, Norma Mines S.A. de C.V. ("Norma") signed a contract with owner Sr. Rodolfo Cuevas Coffey who signed the agreement for his two claims, and a third claim covering 16 hectares in the south of the property. This claim is not part of the current package. Sr Coffey signed on behalf himself and of Sr. Aniceto Martinez Barcelo, and the three claims were considered as a single property whereby Norma could acquire 70% ownership upon signature of the agreement and payment of 50,000 US dollars. Norma Mines was the claim operator responsible for payment of taxes to keep claims in good standing. In addition, after a period of two years from the date of signing, Norma had the option of purchasing the additional 30% ownership for \$1,800,000 minus the original \$50,000.

On March 26th, 2008 Galena Capital Corporation ("Galena") completed acquisition of Norma Canada and her Mexican and Peruvian subsidiaries including Norma Mines S.A. de C.V., thereby acquiring the 70% option on Mercedes.

In September 2010, Parlane Resources Corp signed a Letter of Intent with Galena by which, following an initial payment of US\$10,000, Parlane would be granted a three-month evaluation period on the property. Should Parlane have elected to continue, it would have the right to earn Galena's 70% share of the Mercedes property for a total of US\$105,000 in staged payments over one year from the expiry date of the review period. Galena was to retain a 1% Net Smelter Returns (NSR) royalty purchasable by Parlane for the sum of \$1,000,000 at any time (Parlane news release September 8<sup>th</sup>, 2010). This LOI was subsequently terminated and replaced with an updated Option Agreement directly between Parlane and the owner as reported on February 22<sup>nd</sup>, 2011 (Parlane news release February 22<sup>nd</sup>, 2011).

The Termination and Settlement Agreement (Parlane news release February 22<sup>nd</sup>, 2011) saw Galena relinquish its 70% exploitation and profit interest in the Property. In consideration of the termination agreement, Galena retained 1% Net Smelter Returns (NSR) royalty, payable on any metal produced after 50,000 gold equivalent ounces of metal are produced by Parlane. In

addition, Parlane agreed to pay Galena \$15,000 within 15 days of the agreement and an additional \$75,000 within 12 months of the date of the agreement.

Parlane, through its fully owned Mexican subsidiary signed another option agreement with Coffey, which would have allowed Parlane to earn 100% ownership of the claims in return for payments totalling US\$500,000 made from Parlane in tranches over a 12-month period.

On April 25<sup>th</sup>, 2012, Parlane Terminated its Option agreement with Coffey and withdrew from the project completely.

In 2016, the registered owner, Sr Coffey passed away leaving ownership of the claims subject to the legal inheritance process. This process was routine and resolved on October 25<sup>th</sup>, 2018 in favour of Senora Beatriz Delia Yepiz Fong, as named in Sr Coffey's legal will. On September 25<sup>th</sup>, 2018, Minera Magna SA de CV and Beatriz Yepiz signed an option agreement allowing for the transfer of 100% ownership of the concessions, the terms of which have been discussed in Section 4.

## **6.2 Historical exploration activities**

Minor, small scale historical mining has occurred on the claims although the author is not aware of recorded production. At La Lamosa hill there is evidence of several small test pits and excavations, though these measure only a few cubic metres and are too small to have been productive. To date all workings and mineralized outcrops viewed have been situated on the largest of the claims within Mercedes, mineral claim Ampliacion Mina del Oro #217854.

Toward the southeastern corner of the claims are the Mina del Oro workings and the author visited two separate excavations. The workings are within intrusive and volcanic rocks, the first is a hand cut inclined shaft sunk in intrusives, now almost completely overgrown and difficult to find without a guide. Hand samples from spoil around the excavation show malachite/azurite and pyrite mineralization. The second is a shallow slot excavated along a thin quartz-sericite altered structure on the hillside. Local guides say that workings here are obscured due to a collapse. Drilling in 2008 tested these both of these workings (08MER007 to 010) for details see section 6.2.2 below.

Two phases of drilling were performed on the Mercedes Property. In 1996, a reverse circulation drilling program consisting of 15 drill holes totalling 1,018 metres was completed by Compania Minera Fernanda. In 2008, Galena Capital/Norma mines completed a diamond drilling campaign comprising 10 holes for a total of 1113m. Data and discussion relating to these programs were summarized in the 2008 Technical Report (Rioux 2008) and Tables 3 and 4 overleaf detail collar information from this report.

Geographic co-ordinates from the 2008 work are generally presented in the WGS84 projection though review historical maps and other data revealed to the author that some or most of the work was likely reported in NAD27 or even as a mix of the two. Confirmation GPS waypoints taken by the author during two site visits support this possible inconsistency. In the case of drill collars, it was discovered that at least one historical table presented as WGS84 actually correlated closely drill co-ordinates in the NAD27 projection. To date, the author of this report has found North American Datum 1927 (Mexico) (NAD27 Mexico) to correlate best with most of the historical work and has presented the data in this compilation as such.

Accurate survey pickup of drill collars was not completed by previous operators and available collar information vary slightly from data source to data source. The author hereby confirms the general location of drill collars but cautions that an accurate (DGPS at a minimum) survey of trails, drill collars and other key topographic points including claim boundaries should be considered essential. The historical drilling data are lacking in downhole surveys and assay values cannot be physically verified as no core or sample residues are available. For this reason, they would not likely qualify for inclusion in a formal resource estimate. The data do, however, provide an invaluable insight as to the general distribution of mineralization within La Lamosa and should be considered part of the working database. It is recommended that an accurate survey of collar locations and the available data are compiled for use in ongoing exploration.

**Table 3 Summary of 1996 RC Collar Locations (approx. - modified from Rioux 2008)**

HOLE_ID	WGS 84		NAD 27 Zone 12		RL (m)	AZI	DIP	Total Depth (m)
	EAST	NORTH	EAST	NORTH				
YRC-1-1	687499.1	3143733	687557	3143535	1282	65	-70	30
YRC-1-2	687498.1	3143735	687556	3143537	1282	50	-60	75
YRC-2	687571.1	3143796	687629	3143598	1320	85	-60	90
YRC-3	687563.1	3143790	687621	3143592	1320	200	-60	100
YRC-4	687628.1	3143837	687686	3143639	1323	101	-60	60
YRC-5	687651.1	3143853	687709	3143655	1325	0	-90	45
YRC-6	687518.1	3143770	687576	3143572	1289	157	-60	72
YRC-7	687520.1	3143706	687578	3143508	1279	145	-80	66
YRC-8	687649.1	3143846	687707	3143648	1324	160	-60	70
YRC-9	687615.1	3143754	687673	3143556	1285	316	-60	70
YRC-10	687582.1	3143818	687640	3143620	1316	140	-70	66
YRC-11	687505.1	3143710	687563	3143512	1279	130	-70	70
YRC-12	687520.1	3143719	687578	3143521	1282	0	-90	48
YRC-13	687520.1	3143705	687578	3143507	1279	40	-60	70
YRC-14	687564.1	3143789	687622	3143591	1320	153	-60	86
TOTAL								1018

**Table 4 Summary of 2008 Diamond Collars (approx. - modified from Rioux 2008)**

HOLE_ID	WGS 84		NAD 27 Zone 12		RL (m)	AZI	DIP	Total Depth (m)
	EAST	NORTH	EAST	NORTH				
MER-08-01	687592	3143815	687650	3143617	1328	110	-70	165
MER-08-02	687567	3143796	687625	3143598	1328	140	-60	133.5
MER-08-03	687544	3143716	687602	3143518	1305	40	-60	137
MER-08-04	687440	3143700	687498	3143502	1286	140	-65	153
MER-08-05	687436	3143528	687494	3143330	1266	140	-65	83
MER-08-06	687294	3143595	687352	3143397	1287	140	-65	89
MER-08-07	687512	3142871	687570	3142673	1217	320	-60	87
MER-08-08	687659	3142934	687717	3142736	1168	330	-70	130
MER-08-09	687660	3142933	687718	3142735	1172	330	-50	77
MER-08-10	687650	3142884	687708	3142686	1181	150	-50	58.5
TOTAL								1113

## 6.2.1 Reverse Circulation Drilling 1996

A report detailing drilling completed by Compania Minera Fernanda in 1996 is referenced by Rioux 2008 though a copy was not available at the time of preparing this document. Verification of these data is not possible, they are presented as historical work and indicate the presence of disseminated gold mineralization of sufficient extent and tenor to warrant further investigation only. Figures from the Rioux report are reproduced below for the purposes of illustration.

Figures 4, 5 and 6 below depict 15 RC holes along a northeast trending area measuring 200m x 50m. This shape approximates outcropping hematite, limonite and jarosite oxidized and silicified brecciated intrusives which form the backbone of La Lamosa hill. Grades shown on the plans indicate that every hole was mineralized, for example YRC 1-1, 4 and 8 all returned over 1g/t Au from their entire length. There is no indication of the type of RC hammer/bit or sampling/splitting methods used, nor are there any assay sheets or available to verify these results. The suggested tenor and consistency of mineralization returned from all RC drill holes suggests that contamination may have been an issue during this drilling program.

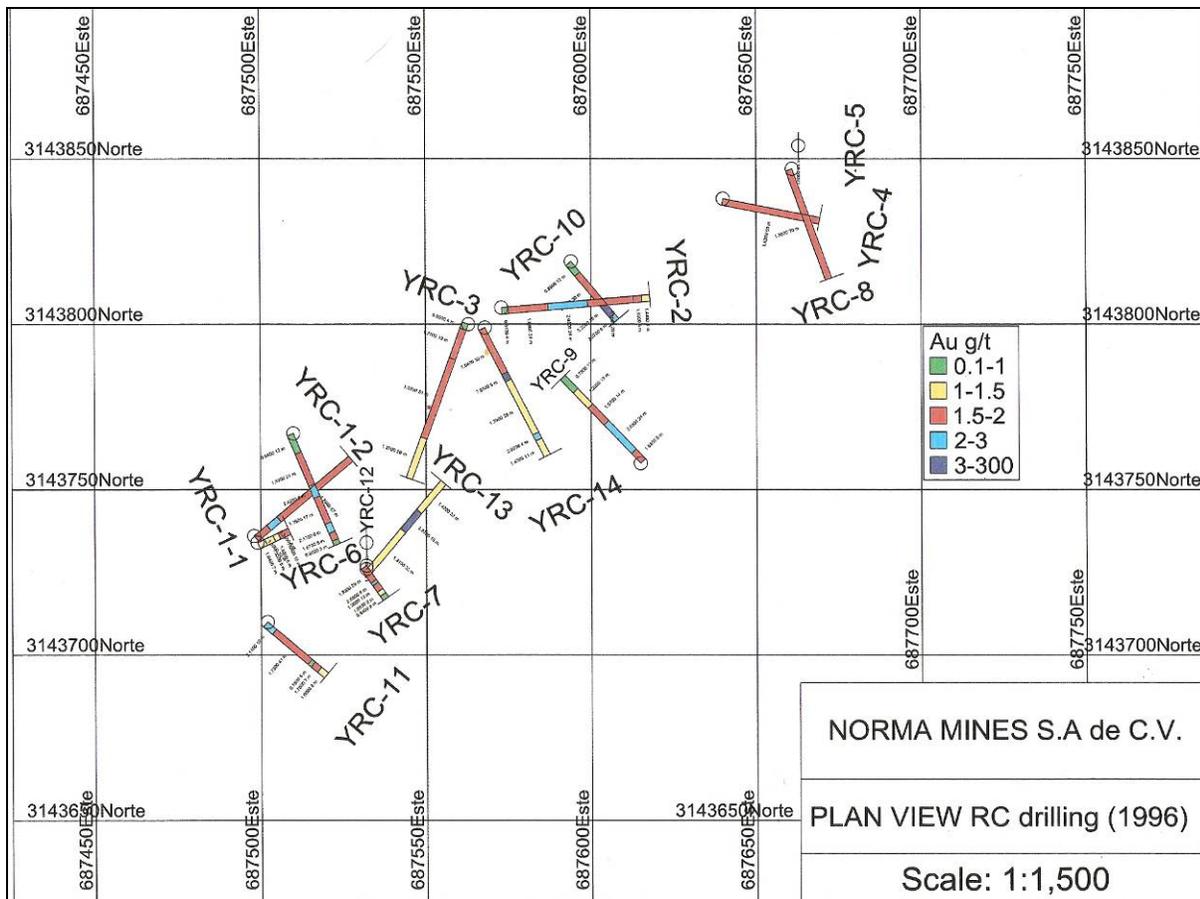


Figure 4 Plan view – 1996 RC drilling reproduced from Norma Mines report (2008)

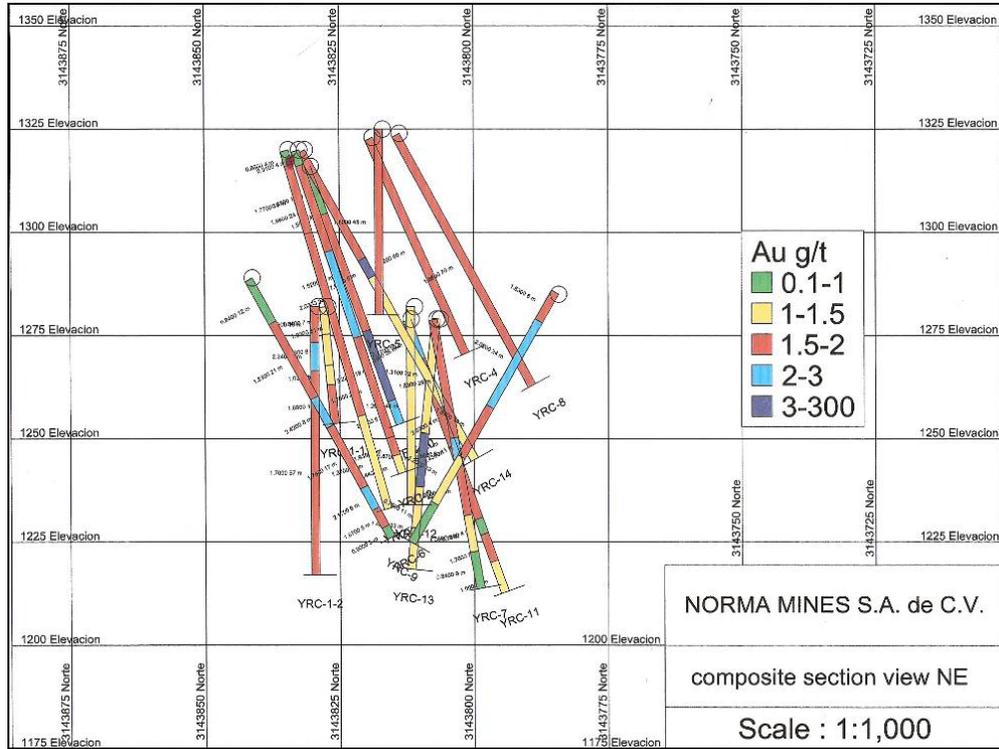


Figure 5 Transverse Section – 1996 RC drilling reproduced from Norma Mines report (2008)

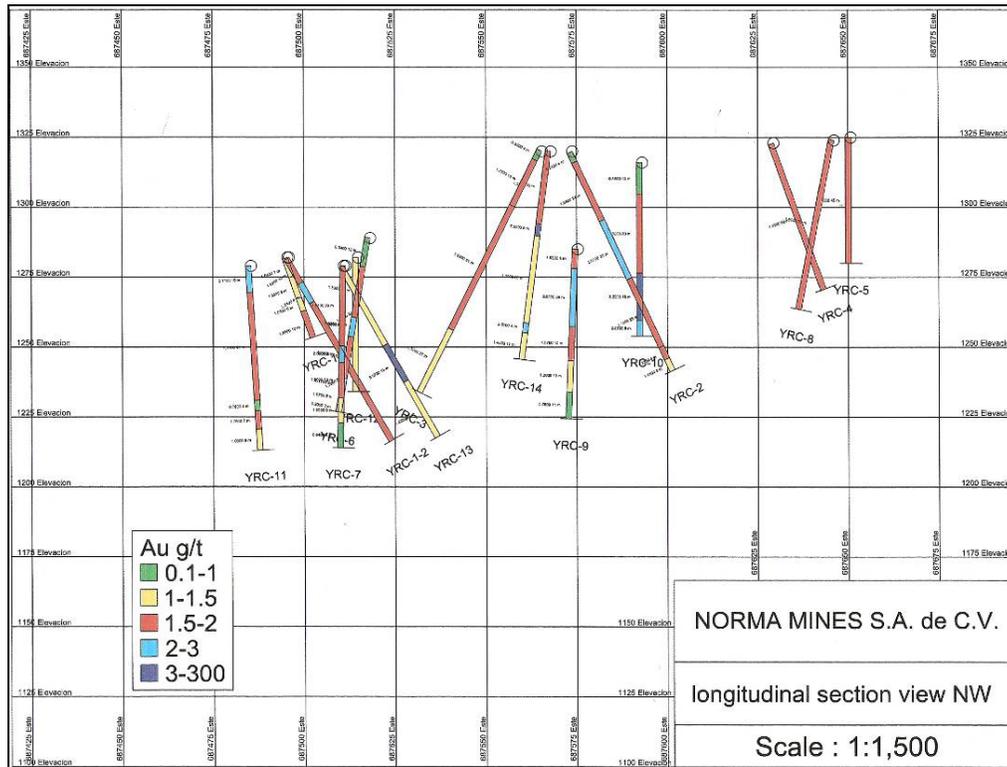


Figure 6 Longitudinal Section – 1996 RC drilling reproduced from Norma Mines report (2008)

### **6.2.2 Diamond Drilling 2008**

Norma Mines S.A. de C.V.'s 2008 diamond drilling program consisted of 10 holes for a total of 1113m. The first two holes (08MER-001 and 002) attempted to twin reverse circulation holes drilled in 1996 by Compania Minera Fernanda S.A. de C.V. Norma sought to confirm the highly anomalous, consistent values reported from the RC drilling and a diamond core drill was used for the program in order to eliminate potential contamination. The diamond rig's dimensions and configuration were such that holes could not be drilled from the original 1996 drill sites. As a result, the diamond holes were located close to the RC holes and with the same orientation but did not exactly duplicate them. To the author's knowledge, no downhole surveys were recorded, nor were drill collars accurately surveyed.

Diamond drilling tested several areas on the claim and confirmed anomalous gold values. Six holes were drilled in the La Lamosa Hill locale and four were drilled about the Mina del Oro workings (Figure 7). Assay values discussed below were sourced from Norma Mines' digital dataset comprising spreadsheets and digital text files including digital laboratory prepared assay result sheets detailing results and analysis methods.

The digital laboratory data files indicate samples generated by the 2008 Norma Mines drilling program were analysed by International Plasma Labs Ltd ("IPL"), an ISO 9001:2000 certified company. Samples were shipped from site to a Mexican prep lab and analyses completed by IPL's laboratory, Richmond B.C., Canada. Samples were analysed for gold by Fire Assay, Atomic Absorption Spectroscopy finish (FA-AAS), assays exceeding 1g/t Au were reanalysed by fire assay, gravimetric finish (FA-Grav). Samples were also subject to a multi-acid digest with Inductively Coupled Plasma Mass Spectrometry (ICPMS) finish, reporting a 30-element suite, including Ag.

#### **La Lamosa drilling**

The first six holes were drilled in the La Lamosa Hill area and were designed to confirm previous RC intercepts. Best results came from holes 08MER001-003 and geochemically significant intercepts are shown below (Table 5).

The 2008 drilling intercepted broad zones of highly anomalous Au and Ag grades, though it is important to note that the orientation of said holes did not adequately test the mineralization-bounding contacts. For example, holes 08MER001 and 08MER002 were drilled approximately down-dip on the structure and a true width of mineralization is very difficult to measure or estimate. Hole 08MERC003 was drilled northward, still oblique to the zone but may be roughly estimated to have crossed a mineralized zone up to 25m in true thickness.

**Table 5 Significant Intercepts as Reported from La Lamosa Diamond Drilling**

HOLE	From (m)	To (m)	Interval (m)	True Width	Au (ppm)	Ag (ppm)	Prospect
08MER001	<b>0</b>	<b>144</b>	<b>144</b>	*	<b>0.49</b>	<b>12.4</b>	La Lamosa
incl	<b>0</b>	<b>32</b>	<b>32</b>		<b>0.86</b>	<b>8.2</b>	
incl	51	144	93		0.44	16.0	
08MER002	0	113	113	*	0.37	11.6	La Lamosa
incl	26	27	1		3.32	28.6	
incl	110	113	3		1.17	20.2	
08MER003	<b>0</b>	<b>57</b>	<b>57</b>	<b>25*</b>	<b>1.15</b>	<b>13.5</b>	La Lamosa
incl	11	24	13		1.22	20.5	
incl	34	35	1		16.02	53.6	
incl	35	36	1		7.67	42.8	
incl	41	42	1		4.52	21	
08MER004	60	61.5	1.5	*	0.05	121.5	La Lamosa
08MER005	25.5	28.5	3	*	0.005	84.7	La Lamosa
08MER006	no	significant	intervals				La Lamosa

\* True widths difficult to estimate as described in text above

Holes 08MER001-003 collared within the oxidised zone at La Lamosa and confirmed the presence of consistently anomalous mineralization from surface. Long intervals of low-grade mineralization are considered significant in this setting. Previous operators interpreted the data differently, only reporting the higher grade, vein style mineralization but not including the broad, low grade intercepts as evidenced by the intercept summaries in (Rioux 2008)

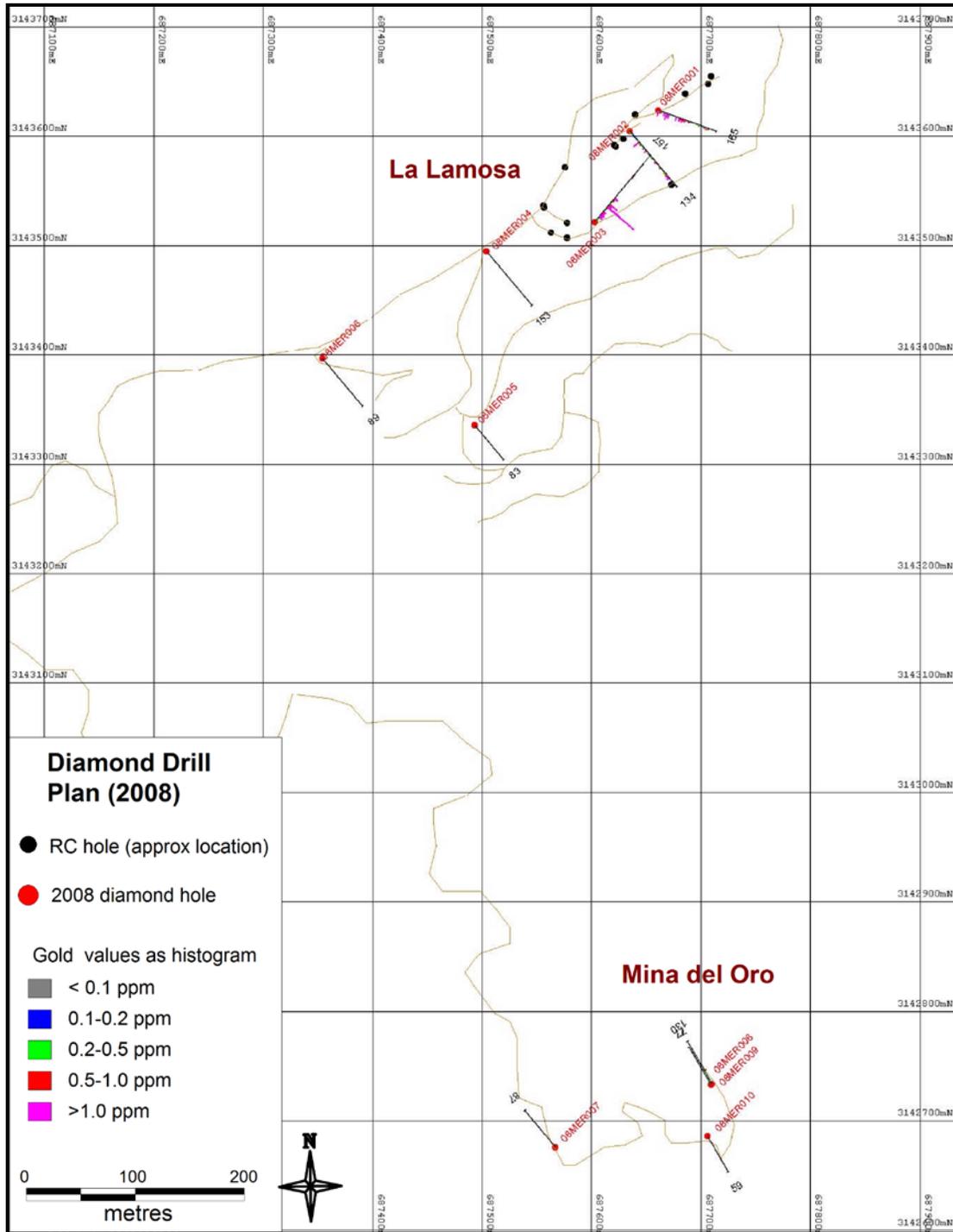
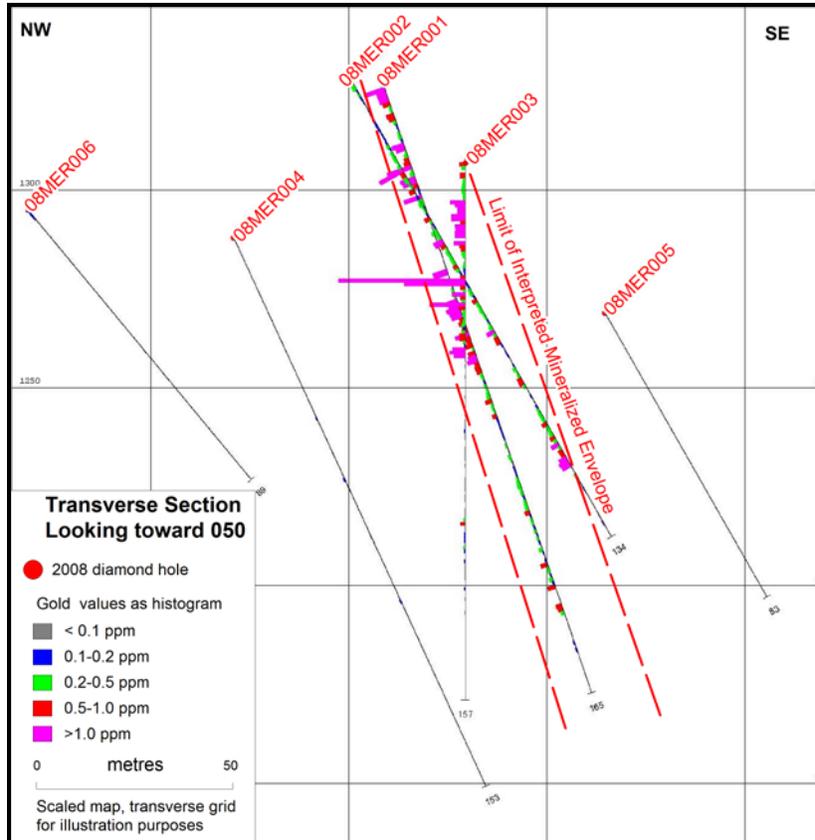


Figure 7 Diamond Drill Plan – Co-ords from Norma Mines Report 2008 (low accuracy)

Drilling returned encouraging results from the first three holes at La Lamosa. Subsequent holes 08MER004-006 stepped along trend to the southwest and failed to intercept broad, low grade mineralization. Current interpretation at La Lamosa sees mineralization contained within a 30m wide envelope which in turn contains a central, silicified zone which represents a possible feeder structure. This tabular mineralized package is estimated to strike approximately 050° and dip steeply to the southeast. Diamond holes 08MER004 - 006 were drilled towards the southeast, the

same direction as the interpreted dip of mineralization. This is significant as the holes dip the same direction as mineralization and as such, holes 004 and 006 may have collared in the footwall and drilled beneath the zone while hole 005 may have collared in the hangingwall and drilled above the zone (Figure 8 below).



**Figure 8 Representative Transverse Section of La Lamosa Diamond Drilling Looking NE**

There is no firm evidence to indicate the continuation of mineralization along trend to the southwest however it is the author's opinion that 08MER004-006 did not adequately test the possibility and therefore absence of evidence from these holes should not be construed as evidence of absence.

### **Mina del Oro Drilling**

Four holes, 08MER007-010, were drilled in the Mina del Oro locale (Figure 7 above) and targeted an area of old workings. Visible small-scale mining at this area focussed on a thin, quartz-sericite-clay altered structure hosting quartz veining as well as a zone of silicified breccia/vein material as evidenced from rubble scattered about a small inclined shaft. These occurrences are roughly 50m apart and may be related to each other. Workings on the thin structure are not visible due to a collapse but outcrop and spoil may be inspected on surface. Drill holes 08MER008 and 009 were drilled from one pad and angled to intersect this structure and returned results of 1m grading 0.78 g/t gold from hole 08MER008 and 3 individual 1m samples grading 0.31, 0.36 and 0.45 g/t gold from 08MER009 (see Table 6).

Hole 08MER010 may have been oriented to intercept mineralization exploited by the small inclined shaft 50m southeast of holes 008 and 009 though this is not obvious, and it is not clear whether the hole was barren because the structure was not mineralized or because the hole

missed the target. No obvious target for hole 10MER007 was located by the author on the surface and no significant intervals were returned from the hole.

**Table 6 Significant Intercepts Mina del Oro Diamond Drilling**

HOLE	From (m)	To (m)	Interval (m)	Au (ppm)	Ag (ppm)	Prospect
08MER007	no	significant	intervals			Mina del Oro
08MER008	40	41	1	0.782	35.7	Mina del Oro
08MER009	9	10	1	0.315		Mina del Oro
and	15	16	1	0.359		
and	21	22	1	0.446		
08MER010	no	significant	intervals			Mina del Oro

### 6.2.3 Historical Rock Geochemistry

During the course of fieldwork, Norma Mines collected 62 rock samples in the area; 3 from outlying areas, 4 from Mina del Oro and 55 from three main benches at La Lamosa. Many of these sample sites were located in the field during the 2010 site visit though original assay certificates were not available.

A plan showing gold values from historical rock sampling is depicted below in Figure 9. Strongest mineralization was encountered along the La Lamosa hilltop from within the outcropping mineralized zone. Two additional benches were sampled downslope to the south and returned low results. This may be explained using the current exploration model in which the anomalous envelope strikes towards 050° and dips steeply to the southeast – resulting barren hangingwall material outcropping along the two southern benches.

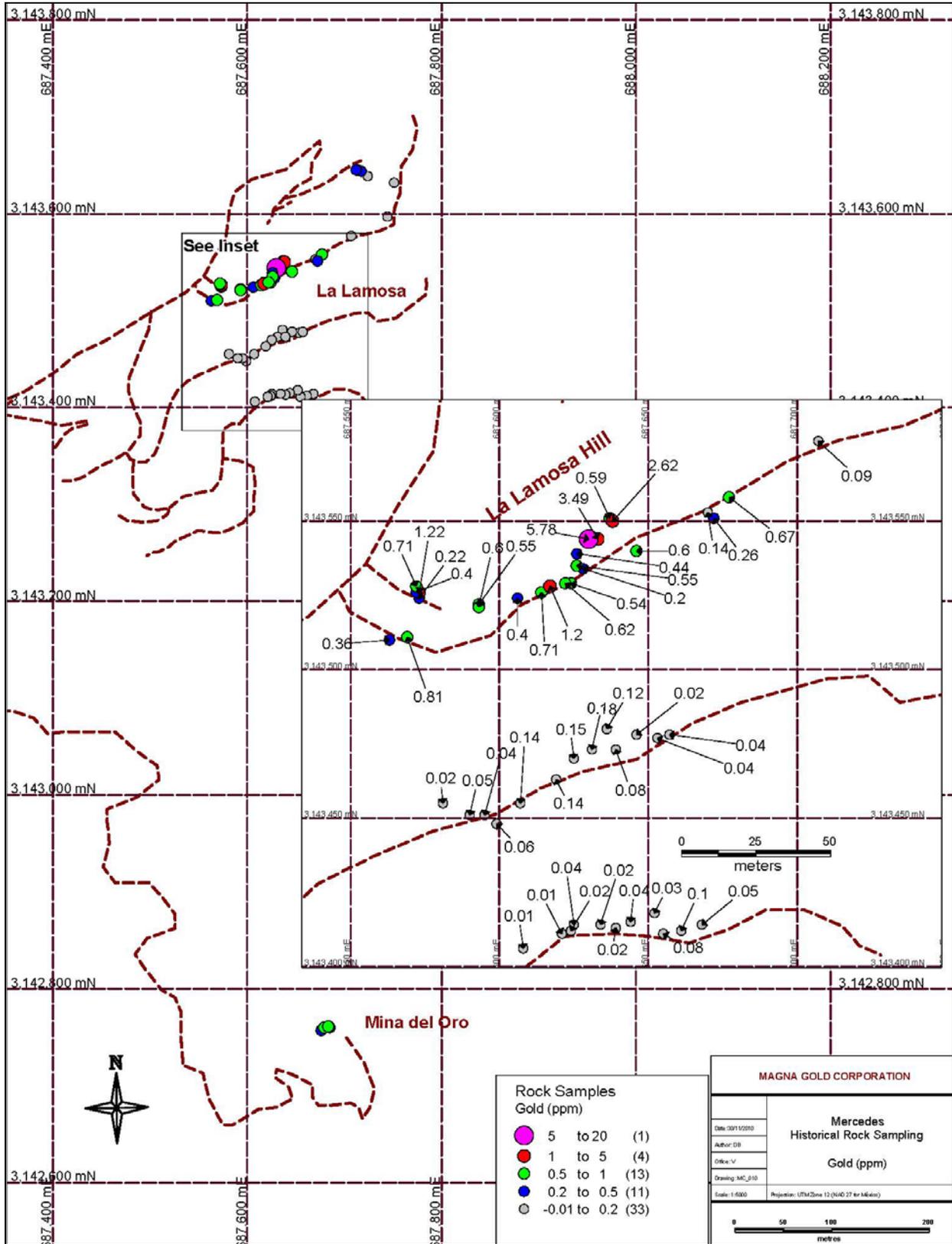


Figure 9 Historical Rock Chip Samples showing gold values

### **6.3 Metallurgical studies**

Reportedly, in 1996, Minera Fernanda conducted metallurgical testwork. At the time of writing this report, the author had not seen the 1996 report, nor supporting data such as metallurgical testwork summaries or reports, laboratory used, sample quantities, sample origin, methods employed or any other technical information on this work.

Rioux (2008) mentions that testing was performed on oxidized material and cyanidation recoveries were 80% for gold and 15% silver contained in metallurgical samples. Average grades (writer assumes this is head grade) in this testing were between 0.6 and 1.3 g/t Au and 4 to 10 g/t silver. The consumption of reagents was reportedly 0.70 kilograms of cyanide sodium per metric tonne of mineral. The data are historical and not adequately documented to be considered reliable.

### **6.4 Historical mineral resource and mineral reserve estimates**

Referred to by Rioux (2008), the 1996 report from Compania Minera Fernanda S.A. de C.V. estimated a parcel of mineralization at La Lamosa to be 35 metres thick, 80 metres long and extending 85 metres down-dip. This evaluation was not prepared in compliance with the current CIM standards and definitions for estimating resources as required by NI 43-101 and should not be considered a valid calculation.

### **6.5 Historical production**

To the author's knowledge there has been no historical production other than from small scale excavations observed in the Mina del Oro area on the property.

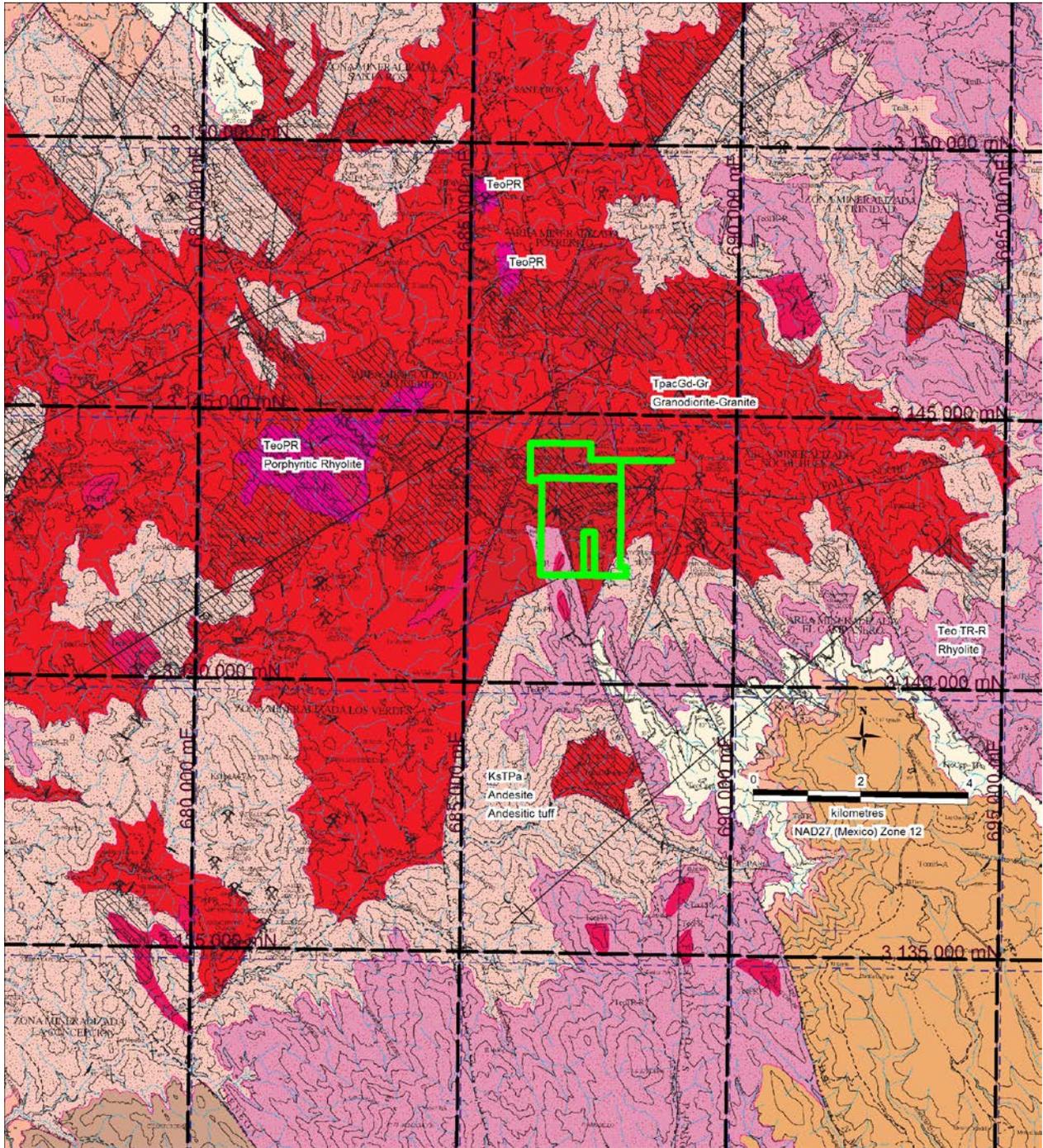
## 7. Geological Setting and Mineralization

### 7.1 Regional Geology

Publicly available 1:50,000 geological mapping is shown in Figure 10 below. The Mercedes property is located within the Sierra Madre Occidental (SMO). As shown in the map below, the property sits on the edge of a broad erosional window in the upper volcanic sequence (UVS) of late cretaceous aged rhyolites and rhyolitic tuffs (pink colours in the east and south of the map) which are overlain in the southeastern corner of the map by younger polymictic conglomerates, rhyolite tuffs and basalt flows (buff and brown units in southeast corner). The erosional window exposes Lower Volcanic Sequence (LVS) rocks in this region represented by andesites and andesitic tuffs of the Tarahumara Formation (stippled pale peach colour). The andesites are underlain and/or intruded by a suite of granite/granodioritic rocks (red colour in centre of the map) which in turn are seen to host younger intrusive dykes and elongate bodies of porphyritic felsic rocks (pink bodies within the intrusives). The Mercedes property is seen to contain many of the above-mentioned rock groups, though is underlain predominantly by intrusives of granodioritic to granitic composition.

Visually, the region to the north and east of Mercedes takes the form of a broad valley dotted with numerous intrusive stocks and erosional resistant dykes hosted within older intrusives, or in some cases the lower volcanics. The geomorphology of the area east of the highway suggests that the valley may represent a large collapsed caldera though this is observation only. Government mapping depicts strong structural control to the distribution of intrusives and it is clear that the entire region represents a highly active pre-historic volcanic district, with extensive associated hydrothermal activity.

Cross-hatched areas on the map depict extensive areas of oxidation and silicification, further supporting the idea that this entire region may have been hydrothermally active over an extended period. The oxidation and silicification is well demonstrated at La Lamosa. Local mineral occurrences and known historical workings are often located within these visually striking red stained areas.



**Figure 10 Regional Geology Showing Location of Mercedes Property**

Source: Servicio Geologico Mexicano 1:50,000 Map Sheet SANTA ROSA H12-D76

## 7.2 Local and Property Geology

Little detailed geological mapping is available for this property, though it is known to be underlain by three main geological units: Porphyritic rhyolitic tuff containing numerous quartz eyes, Aphanitic andesite flows and tuffs locally brecciated, and a propylitically altered and sometimes mineralized and porphyritic felsic intrusive (logged as QFP - quartz-feldspar porphyry in previous drilling campaigns) of granodioritic to monzonitic composition.

The intrusive unit is most often encountered as a rusty red brecciated and silicified rock in the La Lamosa Hill area. In this location there is a volcanic/intrusive contact on the northern flank of the hill which may prove to be the footwall contact of mineralization. Andesites are typically propylitically altered and at La Lamosa are seen in the footwall (northern) side of the hill. Variably silicified intrusives display a strong argillic and phyllic alteration. Overlying the abovementioned units is a volcanic complex of Upper Tertiary Age which is divided into 2 separate units: the Lower Volcanics mostly comprised of andesites and dacites and the Upper Volcanics mostly comprised of ignimbrites, breccias and agglomerates. The upper volcanics were not observed at the focus of work, La Lamosa, nor Mina del Oro. It is expected that they are to be found at higher elevations toward the southwestern and western edges of the property (see far background in Plate 3 below).



**Plate 3 Top of La Lamosa, silicified, hematitic, clay altered intrusive breccia, looking southwest**

The northeast trending oxidized La Lamosa Hill (Plate 3) is variably silicified, grading from moderate to intense along the main trend. Zones of “vuggy silica” were observed, these zones often returning the highest gold grades in rock samples. Alteration assemblages recognised

within the hematitic intrusive breccia tend to display a zonation away from a silica rich core to strong argillic and phyllic type (quartz, clays and sericite), to an argillic type (kaolin and sericite) and into propylitic (chlorite-epidote) further away from the mineralized zone. Tourmaline alteration outcrops near the extreme NE end of the hill though grab samples do not return anomalous gold values. The main La Lamosa area is conspicuously oxidised, easily visible from the highway as a bright red hill extending out from the road grade. Hematite, Limonite and Jarosite are the most common iron oxides and are often found in conjunction with some level of silicification (Plate 4). Strongly oxidised, red rocks are often mineralized, best results from grab sampling have been returned from highly silicified outcrops (see Plate 6 below).



**Plate 4 Silicified intrusive breccia. White clays and jarosite are visible in the lower half of the photo**

Mineralization at the La Lamosa prospect is hosted by brecciated and sheared quartz feldspar porphyry intrusive sometimes near contacts with andesitic flows and tuffs. Mineralization appears to be disseminated in much of the strongly oxidized/silicified rock with locally higher-grade zones reflected in diamond drill results and individual grab samples. Broad zones averaging around 0.5 g/t gold were returned from historical diamond drilling and individual metres reportedly sampled up to 16g/t gold. Rocks within the mineralized showing are highly altered and often host quartz stringers and veinlets. The strongly oxidized and silica altered portion of the hill has historically returned the highest individual grades.

The mineralization control appears structural, controlled by faults and shear zones. To the SW of the Mercedes there is reportedly a fault showing a general trend of 325° with a -75° dip to the NE. This fault is said to mark the contact between the QFP and the andesites and may represent the southwest extent of La Lamosa due to a fault offset. One hundred and ten metres northeast, is another reported fault oriented 310° dipping -75° to the SW. On the northwestern edge of the hematitic zone, the contact between the QFP and the andesites has been determined to be oriented to approximately 030°. The most northeastern portion of the anomalous zone is comprised of numerous intersections of faults showing variable orientations. It is believed that the “feeder” structure for La Lamosa mineralization is oriented approximately 050° within strongly fractured, faulted and brecciated zones.

The results obtained from the core diamond drilling program in the La Lamosa Hill area, clearly indicate the presence of anomalous gold, silver and to lesser extent copper mineralization and warrant further investigation.



**Plate 5 Hand sample - silicified intrusive breccia**



**Plate 6** Chip Sample Location #986072 checking historical #13036 “Vuggy silica” outcropping on southern face of hillside, assays returned 1.2m grading 2.07g/t Au and 58g/t Ag

## 8. Deposit Types

The Mercedes Property alteration and mineralization observed is hydrothermal in nature exhibits many characteristics of a high sulphidation (HS) or acid-sulphate type. HS gold-silver deposits are common in plutonic-volcanic arcs and numerous examples exist in the Sierra Madre Occidental within the district. There have been many studies on epithermal deposits, a detailed compilation of characteristics and genetic models of this diverse style is summarized in Heald et al (1987). HS deposits are characterized by distinctive alteration styles and textures caused by the passage of high temperature acidic hydrothermal fluids through suitably fractured or permeable rocks. Commonly they display zoned alteration whereby a central silica core is flanked by advanced argillic alteration often containing alteration minerals such as dickite, pyrophyllite, alunite, kaolinite or diaspore. "Vuggy silica" is a texture/alteration product known to be indicative of this style and is caused by silica replacement and acid leaching of the soluble components of host rocks in proximity to the causative fluid pathways. High sulphidation epithermal deposits can be vein hosted or disseminated and are often high tonnage and low grade. Local examples include Alamos Gold's Mulatos Deposit 40km ENE of Mercedes and Agnico Eagle's La India Project roughly 40km NE of Mercedes.

Previous work at the La Lamosa area reports disseminated gold mineralization hosted within an andesitic to rhyodacitic volcanic complex intruded by a quartz-feldspar porphyry (QFP). The resistant spine of the La Lamosa hill is composed of a strongly silicified breccia zone within the intrusive close to the volcanic contact and shows strong oxidation in the form of hematite/limonite/jarosite staining and strong silica and argillic alteration. The main control for the mineralization at Mercedes appears to be structural and the mineralized showing is oriented 050° dipping steeply to the southeast. There is evidence of abrupt changes in alteration over the property and detailed mapping would probably identify several additional fault orientations.

Gold occurs in oxide, mixed oxide/sulphide, and sulphide ore types reported in the drilling with pyrite being the primary sulphide mineral along with minor amounts of enargite. The highest gold values were mostly located within the oxidized zone, some in the mixed oxide-sulphide and very little within the sulphide zone. Base metal values, especially copper seem to be higher downhole indicating a potential zonation.

## **9. Exploration**

The issuer has not undertaken any exploration activities on the project at this time. All known exploration to date which includes over 1000m of RC and 1000m of diamond drilling has been described in History - Section 6.

## **10. Drilling**

Drilling on the property predates involvement by Magna and has been described in History - Section 6.

## **11. Sample Preparation, Analyses and Security**

All drill sampling procedures, analyses and security have been described in History - Section 6.

## **12. Data Verification**

Confirmation rock and soil samples were taken by or under the direct supervision of Dale Brittliffe P.Geo. during a two-day site visit on October 24<sup>th</sup> and 25<sup>th</sup>, 2010. The purpose of sampling was to confirm mineralization at key showings on the property. The author had access to an historical report detailing previous drilling and discussions on mineralization encountered at the site. These data plus historical grab sample data provided base maps for the investigation. During October 24<sup>th</sup> and 25<sup>th</sup>, the author walked all access trails on the La Lamosa and Mina del Oro areas and took GPS readings on drill collars and cultural features as they were encountered. On August 7<sup>th</sup>, 2018 the author again visited the property and confirms no significant changes to outcrops or access roads have occurred on the property since the initial site visit.

Confirmation rock chip samples taken the author were collected by hand, and aimed to provide continuous, representative samples over desired sample widths. Only three grab samples were taken from Mina del Oro and were noted as such at the time of recording. Each site was marked with orange spray paint and an aluminum permatag. GPS locations and descriptions were recorded in both notebook and sample ticket book. Samples, along with sample tag were placed in labelled plastic sample bags which were placed in larger polyweave rice sacks, for transport to the laboratory. Rock sampling was designed to confirm mineralization, not constitute a comprehensive sampling program and as such chip intervals were selected to be representative of features being observed, chip sample lengths were estimated using a metre pole.

Soil samples were collected on 30m centres using a two-man crew and a 30m chain with GPS backup. Sampling began at the crest of La Lamosa hill and ran down each side of the ridge. The line was oriented to approximately 140°/320° to cut across the mineralization (orientation 050°) at a right angle. Samples were collected from holes of approximately 10-15cm depth excavated with a small pick. GPS coordinates were recorded in a notebook and the sites marked with flagging tape. Samples were placed into premarked 6x8" Kraft sample bags and all samples put into a polyweave rice bag for transport to the laboratory.

All historical access tracks on the main prospect area were inspected on foot and picked up with a hand-held GPS. Every attempt was made to locate drill collars from the two previous programs.

The area is steep and receives high rainfall during the wet season, the August 7th, 2018 site visit encountered no issues gaining access to La Lamosa. Seasonal drainage of large rainfall volumes has largely removed drill cuttings, clays and other tell-tale signs of drilling at several locations. Some collars were not located on the ground.

Eight diamond drill collars from the 10 holes comprising the 2008 drilling were tentatively located. Not all collars are marked by concrete monuments and in several cases the author was forced to make a judgement as to if the disturbance on the pad was attributable to diamond drilling activities. Guidance in the field was originally supplied by a local from Santa Ana who was involved in both of the previous drilling programs and the author is satisfied that drilling did take place at or very close to locations recorded herein.

Discrepancy between confirmation and reported GPS coordinates from the 8 collar sites ranges up to 16m and average at 9.5m difference. This variation represents broadly acceptable variation between values collected by different handheld GPS units ten years apart. The author considers historical data acceptable as verification that drilling was indeed conducted. The data provide a guide to the expected distribution and tenor of mineralization as reported previously. Accurate survey of the collars will assist fine-tuning of any future proposed drilling program and is highly recommended. It is important to note that the author has not seen any downhole survey data and can only assume that no readings were taken. In the author's opinion, historical drilling data not likely sufficiently documented for inclusion in a resource estimate.

It should be noted that within the available historical datasets there exist some variation within reported GPS co-ordinates for the diamond drill collars, the greatest variation amongst these data being a horizontal distance of approximately 12m. The author considers these variations within generally acceptable tolerance of hand-held GPS, especially from 10 years ago though recommends an accurate survey in order to update the database for ongoing use.

Concrete hole plugs marking four collars from the 15-hole 1996 RC program were located on the ground (Plate 8 below). The author assumes that many RC drill pads were disturbed during the 2008 diamond drill program and this would account for the lack of concrete monuments visible from the earlier phase of work.



**Plate 7 Concrete hole plug YRC-3**

Drill core from the 2008 diamond drilling program was reportedly stored at Norma Mines' Hermosillo storage shed (pers comm). However, the latest information available suggests that the material has been moved.

Confirmation samples were recorded and bagged in polyweave rice sacks. All samples were transported to Hermosillo by the author and sent by local shipping company to Acme Analytical Laboratories' Guadalajara facility in Jalisco state.

Soil samples were received by Acme in Guadalajara and were dried at 60 degrees Celsius and dry sieved to -80 mesh. Pulps were transported to Acme's Vancouver lab and a 15-gram sample charge was subject to analysis by the 1DX2 method, involving aqua regia digestion with ICP-MS analysis for a 37-element suite including gold, silver and copper.

Rock chip and grab samples were prepared in Acme's Guadalajara laboratory and were subject to sample prep method R200-250. Samples were crushed, split and pulverized 250g to 200 mesh. Once prepared, pulps were shipped to Acme's Vancouver laboratory where the sample pulps were mixed to improve heterogeneity, and a 30g and a 0.5-gram subsample split off. The 30g charge was analysed for gold by the 3B01 method, fire assay fusion with ICP-ES finish. The 0.5 charge was analysed for a 37-element suite by the 1DX1 aqua regia digestion ICP-MS analysis method.

Assay certificates were sent exclusively to the author on completion of the analyses.

Assay results do reflect expected ranges suggested by previous reported work and the author of this document is satisfied that gold mineralization is present where it was expected and the project warrants further, more rigorous investigation.

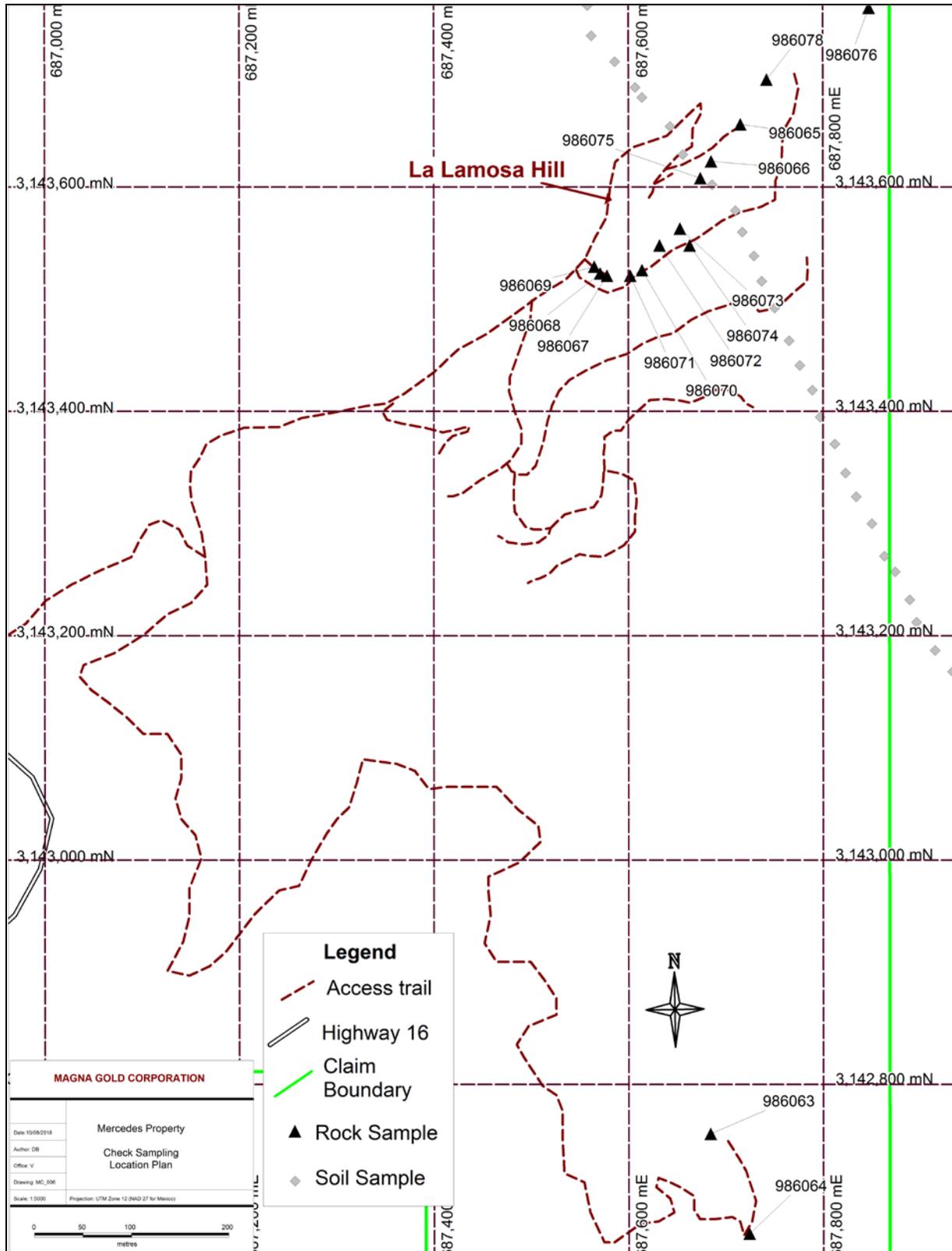
Check sampling was conducted by the author during a site visit in October 2010 and comprised rock chip and grab sampling at La Lamosa and Mina del Oro and a single line of soil samples taken to characterise La Lamosa's geochemical response. Previous work indicated disseminated gold mineralization within oxidised rocks and could be expected to produce a strong soil anomaly. The purpose of work was to confirm the presence and potential extent of gold mineralization, which it did successfully.

## **12.1 Rock and Soil Sampling**

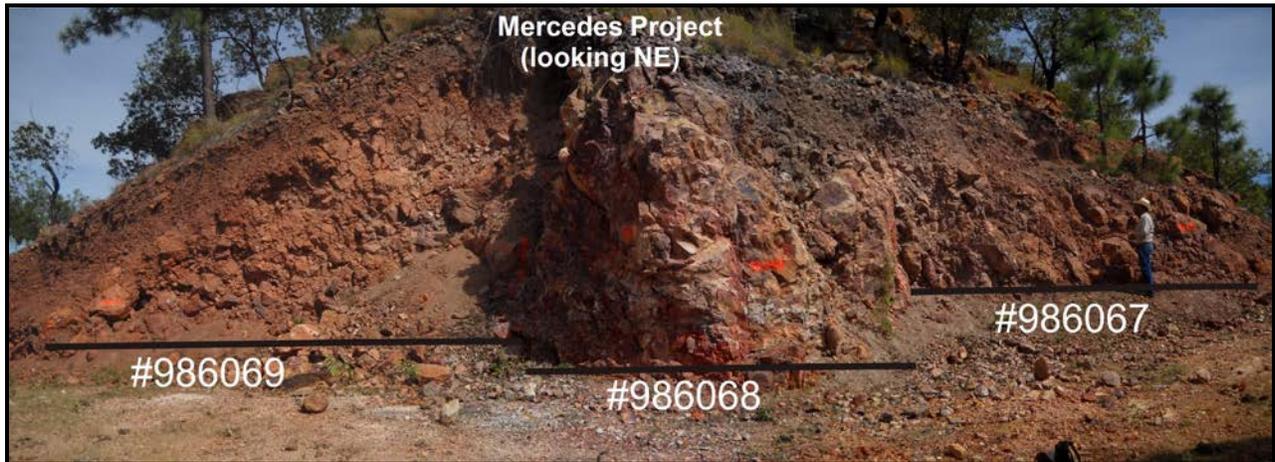
Check sampling comprised 16 chip and grab rock samples from key points on the property, Table 7 below shows details of this work and the plan overleaf Figure 11 shows the locations. In addition, 30 soil samples were taken on 30m intervals across the trend of mineralization (Figure 12).

**Table 7 Rock Chip and Grab Sampling at Mercedes, Dale Brittliffe P.Ge. October 2010**

Sample No.	E Nad27 z12 Mex.	N Nad27 z12 Mex.	Description	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
986063	687684	3142756	Chip sample - 1m - quartz breccia, historical diggings, in clay rich, silica altered structure above collapsed workings	821	40.8	21.1	619.7	15
986064	687724	3142667	Float, vein material, Quartz, malachite, azurite, PbS, vein fragments -0.2m diam.	185	100.0	>10000	28.7	358
986065	687715	3143656	Chip, 5m composite - Outcrop near YRC-5, intrusive breccia, sil-clay alt, FeOx, jarosite	179	1.0	118.5	140.0	49
986066	687685	3143623	Chip, 10m composite - intrusive breccia, sil-clay alt, FeOx, jarosite, 340/40E slickenside,	648	2.3	83.2	158.0	6
986067	687578	3143521	Chip sample 8m composite, intrusive breccia. sil-clay alt, FeOx, jarosite	1375	5.9	23.4	493.0	5
986068	687571	3143523	Chip sample, 8m composite, intrusive breccia (, sil-clay alt, FeOx, jarosite	475	5.6	8.1	298.6	3
986069	687565	3143529	Chip Sample, 10m composite, Intrusive breccia, sil-clay alt, FeOx, jarosite	561	17.5	18.8	416.2	3
986070	687614	3143526	Chip sample, 6m - Intrusive breccia, sil-clay alt, FeOx, jarosite, as intersected in hole MER-08-03	1634	14.6	14.1	786.1	3
986071	687602	3143521	Chip Sample 6m - Intrusive breccia, sil-clay alt, FeOx, jarosite, intersected in hole MER-08-03	549	8.8	12.4	603.9	3
986072	687632	3143548	Chip sample 1.2m, intrusive breccia - "vuggy silica" sil-clay alt, FeOx, very strong jarosite-hem, boxwork, possibly intersected in hole MER-08-03	2072	57.7	45.8	6921.9	13
986073	687653	3143563	Chip sample 3m, Intrusive breccia, dark grey sil-clay alt, FeOx, jarosite, boxwork, probably not intersected in hole MER-08-03	94	3.7	61.1	513.5	4
986074	687663	3143548	Chip 0.7m, Quartz-tourmaline breccia, sil-clay alt, FeOx, jarosite, 95% qtz-tourmaline & 5% FeOx, probably not intersected in hole MER-08-03	195	8.2	85.0	>10000	9
986075	687674	3143608	Chip sample 2m - Intrusive breccia, sil-clay alt, FeOx, sample taken sub-parallel to the main trend & true sample width is 1m	136	4.0	22.7	395.5	2
986076	687847	3143760	Grab - Quartz-tourmaline vein	51	0.5	14.0	824.5	3
986077	687781	3143818	Grab - Quartz-tourmaline-sericite vein (or intrusive)	12	0.2	35.4	38.6	10
986078	687742	3143696	Grab - Quartz-tourmaline vein	44	0.7	22.2	2193.1	3



Rock sampling included grab and chip samples mostly about La Lamosa hill in the eastern portion of the property. Mineralization appears to be confined to an ENE trending zone roughly 30m across and up to 200m long. Check sampling across this feature was possible at outcrops and road cuts. A good geological cross-section is exposed near the southeastern extent of the anomalous zone and sample numbers 98067, 68 and 69 represent three continuous chip samples over an estimated horizontal width of 26m (Plate 7).



**Plate 8** Photo showing chip sampling across main mineralized zone at La Lamosa

The photo looks northeast along the trend of mineralization and shows a central silicified core approximately 8m across flanked on either side by oxidized, brecciated and argillically altered intrusive rock. Continuous chip sampling across the intervals returned 1375, 475 and 561ppb gold from #986067, 68 and 69 respectively. These numbers estimate an approximate horizontal interval of 26m, weighted average of 785ppb gold.

The silicified zone pictured strikes roughly to 050° and dips steeply to the southeast. The zone is resistant to erosion compared to the surrounding rock and forms the spine of La Lamosa Hill. It is reasonable to assume that this zone provided a conduit for hydrothermal fluids and is intimately associated with mineralization at this location. Elsewhere on the property, silicified float was observed to be shedding from several places on the hillside. Previous physical work and road building did not obviously test these outlying zones and they may represent targets for reconnaissance work.

Results from soil sampling confirm mineralization across the trend, returning a multi point gold anomaly over the crest of La Lamosa Hill. When viewed in conjunction with the rock sampling, an anomalous zone measuring up to 200m long is suggested (Figure 12).

Check assaying supports the presence of exposed or near surface gold mineralization at La Lamosa which extends for roughly 200m and is up to 26m wide. Silica rich tourmaline breccias sampled from the northeastern end of this zone returned lower gold numbers. The southwestern extension of the zone is not obvious at surface and its presence is not clear as the intensity of visibly hematitic rock/soil drops considerably in that direction. Geomorphological indications suggest that there are structures running to the northwest and may represent offsetting faults.

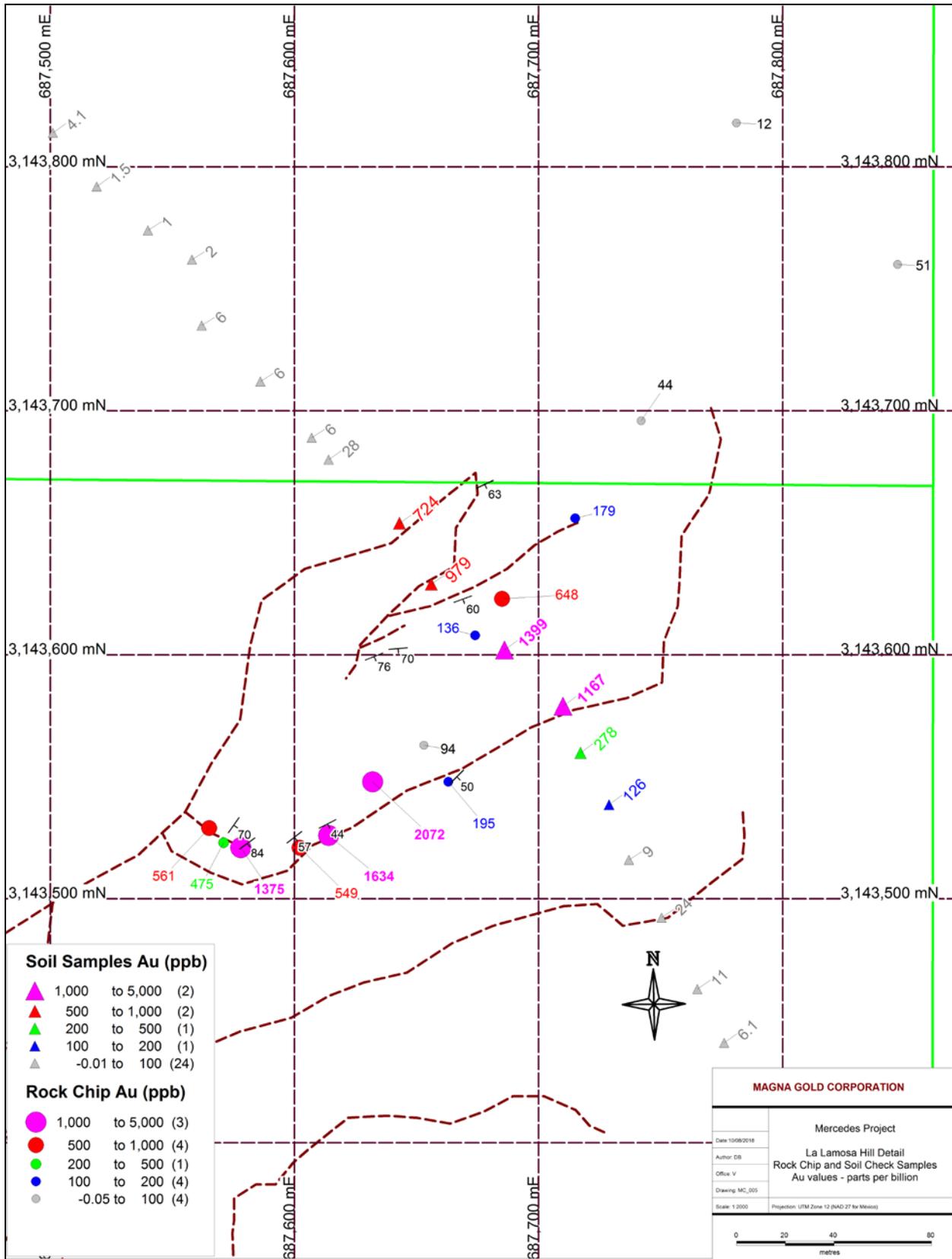


Figure 12 Check Sampling – gold in ppb for Rock (fire assay) and Soil samples (aqua regia ICMPs)

## **13 Mineral Processing and Metallurgical Testing**

A historical reference to metallurgical testing on material sourced from Mercedes property exists and is documented in History Section 6.3 of this report

## **14 Mineral Resource Estimates**

To the knowledge of the author no resource estimates have been calculated.

**Items 15 – 22 are not required as per NI43-101F1, Mercedes is an Early Stage Exploration Project.**

## **23 Adjacent Properties**

The district is highly prospective for epithermal style precious and base metal deposits. In addition to many small historical, artisanal workings throughout the region there are several major deposits within the surrounding area of the Mercedes Property. The Mulatos deposit (gold) is located some 40 kilometres to the NE and Agnico Eagle's La India Gold Project is 35km NNE. The Santa Ana deposit (copper and silver) is located some 13 kilometres to the SW. The historic Dios Padre Silver Mine is located some 7 kilometres to the NE. It is also quite common to find within the surrounding area some small pits and adits that were exploited for their tungsten content. Personal communication with locals from Santa Ana indicates that several prospects surrounding Mercedes have been drilled in the past, up to seven holes are thought to have been drilled in surrounding hills by companies such as Peñoles Mining Company.

Alamos Gold Inc's. Mulatos deposit is situated 40km ENE from Mercedes and is a large high sulphidation epithermal gold-silver deposit in production since 2005. The property is located within a group of concessions totalling 30,325 hectares. The mine poured its' millionth ounce of gold in 2012 and as at December 31<sup>st</sup>, 2017, Proven and Probable Reserves stood at 1.888,000 ounces of gold in 50 million tonnes of ore at an average grade of 1.18g/t gold. Measured and Indicated Resources and another 2.7 million ounces of gold at an average grade of 1.13g/t gold. (Alamos Gold Inc Mineral Reserves December 31<sup>st</sup>, 2017).

Agnico Eagle Mines Ltd's La India Mine achieved commercial production in early 2014 and achieved an annual production output of 101,150 oz gold and 313,000 ounces of silver in 2017. Ore at La India is drawn from a series of open pits developed on deposits hosted by volcanics intruded by granodiorite and diorite stocks. The operation is investing in near mine exploration, testing zones with similar alteration signatures as those in the main mine area. Exploration commenced drilling on this high sulphidation epithermal gold-silver property in 2004 when it was operated by junior exploration company Grayd Resources. The mine hosts proven and probable reserves of 679,000 ounces gold in 31 Million tonnes at a grade of 0.69 g/t and 2.1 million ounces

of silver at a grade of 2.15 g/t. (source Agnico Eagle Mines Ltd detailed Reserves and Resources as at December 31, 2017).

La India and Mulatos represent large deposits composed of numerous mineralized zones and are presented herein as local examples of mineralization settings or styles broadly similar to those observed at Mercedes. These large-scale examples are for information of the reader only and are not indicative of the mineralization style, grade or size potential at Mercedes Project, the subject of this report. At present, the La Lamosa target represents a single mineralized zone measuring up to 200m in length and up to 30m in true width. Upcoming exploration, work should focus both on defining extents of mineralization at La Lamosa and on identification of additional similar occurrences on the property.

## **24. Other Relevant Data and Information**

The author is not aware of any additional relevant data or information that would affect the property at this time. Every effort has been made to ensure this document is as unambiguous as possible.

## 25. Interpretation and Conclusions

Mercedes is an early stage exploration property prospective for gold and silver +/- copper located in the Sierra Madre Occidental of southeastern Sonora, Mexico, easily accessed from Highway 16, roughly 3½ hours drive southeast of the state capital, Hermosillo.

Previous work and field observations indicate that La Lamosa Hill hosts a structurally controlled, low-grade disseminated oxide, transitional and sulphide gold +/- silver bearing zone displaying some alteration and textural characteristics to high sulphidation epithermal deposits in the district. At surface an exposed cross section of the zone displays a silica rich core up to 8 metres wide flanked on either side by up to ten metres of brecciated silica and clay altered intrusive rock. One outcropping face was sampled by check sampling and returned a weighted average of an estimated 26m grading 0.785g/t gold. Evidence suggests the mineralized zone strikes towards 050° and dips steeply at 75-80 degrees to the southeast.

Two drilling programs and reconnaissance fieldwork including rock grab and chip sampling were completed by previous operators. Fifteen RC holes were drilled in 1996 and ten diamond drill holes in 2008. Results from the RC program returned highly anomalous results of a consistency that suggest downhole contamination could have been an issue. The 2008 diamond drilling program sought to test these grades and establish the limits of mineralization over the La Lamosa Hill prospect; reported results were generally lower than the previous work and more variable, more realistic in the author's opinion. These results were encouraging, as reinterpretation of the work suggests that the first three diamond holes intersected a zone of disseminated gold mineralization up to 30m wide. Correlation of this work with observations at surface suggest that the prospective zone may extend horizontally for up to 200m, down dip extensions and shoot plunges are unknown and further drill testing is recommended.

At present the mineralized zone visible at surface measures 200m long by around 30m wide although outcrop evidence is limited to 26m of width the true extent and nature of the mineralization feeder is not known. Data from the RC drilling, apart from a few low-resolution maps were not available at the time of writing and it is the opinion of the author that the RC drilling should be discounted for further work. Diamond drilling completed in 2008 sought to twin two of these holes and test other areas on the property and as such previous work was not completed on sections and may not have been optimal at La Lamosa. A systematic drilling program designed to test the width and potential down-dip extensions of the mineralized zones is warranted.

Previous operators had interpreted the drill results from the perspective of a high-grade, vein style model as evidenced by intercepts reported previously. Intervals from the first diamond hole 08MER001 were reported by Rioux (2008) as a series of small intervals exceeding 1g/t gold including better intercepts such as 5m averaging 1.45 g/t gold. If, instead of isolating high-grade vein hosted intercepts, the operator considers a low-grade disseminated oxide style, the component intercepts and interstitial low-grade zones combine to become **144m down-core length averaging 0.49g/t gold**, from surface. True width is not indicated by this hole, as it likely drilled down-dip of the now-proposed 30m wide, 200m long target zone and does not provide adequate evidence of that zone's true dimensions. Discovery of significant extensions to known mineralization would greatly enhance the property as oxide/transitional material from La Lamosa may be ultimately be amenable to heap leaching.

Reinterpretation of La Lamosa prospect as an elongate, tabular low-grade, disseminated gold bearing zone is attractive as it suggests that a large proportion of the rock comprising the hill could represent mineralized material. The current exploration model includes a 30-50m wide zone of mineralization striking toward  $050^{\circ}$  dipping steeply southeast, the footwall contact being propylitically altered volcanics as seen in road cuts on the northern flank of the hill. Along strike colour anomalies disappear though there are other silica float occurrences in the area and follow up surface geochemistry including rock, soil sampling and reconnaissance mapping would be essential in evaluating the potential of the property. High sulphidation deposits such as La India 40km to the northwest are composed of numerous mineralized zones, often spatially separate from each other and it is important to evaluate the entire Mercedes property for additional mineralized showings to complement La Lamosa.

## 26. Recommendations

The author considers Mercedes prospective for further exploration and La Lamosa the most deserving of immediate follow up work. Mineralization is indicated by previous drilling and supported by recent rock chip and soil sampling. Field investigations suggest that previous drilling may not have been oriented to intersect the target zone at an optimal angle. Diamond drilling is recommended to test down-dip extensions, establish the width and length of mineralization at La Lamosa. Surface geochemistry including rock chip/grab sampling, soil sampling and reconnaissance geological mapping is recommended for outlying areas in order to better evaluate the surrounding property.

The initial drilling program recommended comprises thirteen holes on five sections for a total of 2030m (Figure 13, Table 8). The conceptual exploration target is an oxide zone of potential disseminated and vein hosted gold +/- silver mineralization within an envelope measuring 20-30m wide over a strike length of 220m and a down dip length in excess of 240m.

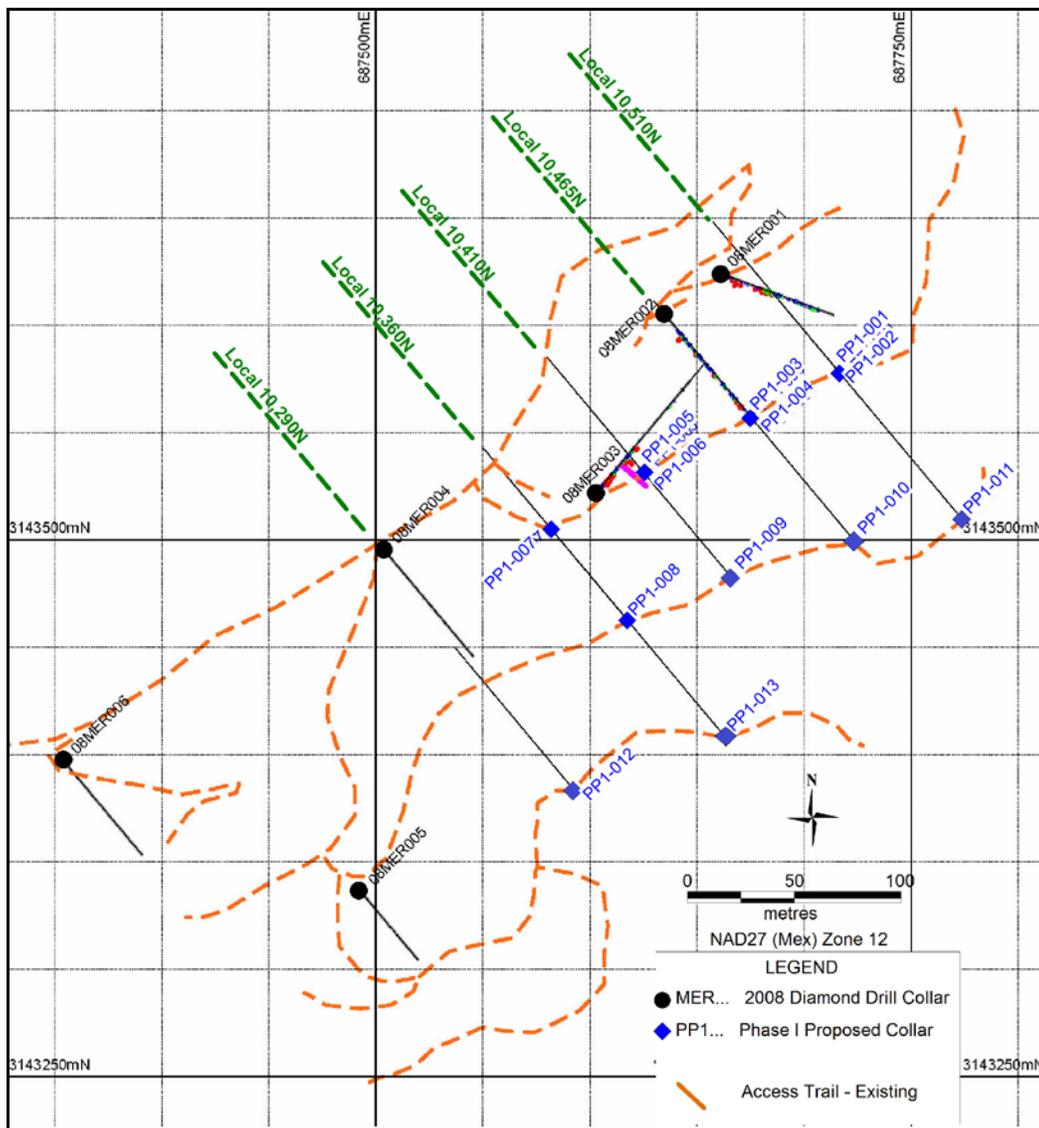


Figure 13 Proposed Drilling at La Lamosa – Historical hole locations approximate

**Table 8 Proposed Drillholes**

Hole ID	WGS84 mE	WGS84 mN	NAD27 mE	NAD27 mE	Elevation approx	Azimuth	Dip	Depth m
PP1-001	687659	3143776	687717	3143578	1300	320	-45	130
PP1-002	687659	3143776	687717	3143578	1300	320	-65	160
PP1-003	687617	3143755	687675	3143557	1300	320	-45	110
PP1-004	687617	3143755	687675	3143557	1300	320	-65	130
PP1-005	687567	3143729	687625	3143531	1300	320	-45	100
PP1-006	687567	3143729	687625	3143531	1300	320	-70	100
PP1-007	687524	3143703	687582	3143505	1300	320	-60	110
PP1-008	687559	3143661	687617	3143463	1264	320	-55	160
PP1-009	687608	3143681	687666	3143483	1265	320	-60	200
PP1-010	687665	3143698	687723	3143500	1265	320	-45	200
PP1-011	687716	3143708	687774	3143510	1263	320	-55	240
PP1-012	687534	3143581	687592	3143383	1240	320	-55	150
PP1-013	687605	3143606	687663	3143408	1240	320	-55	240
<b>Drill Total</b>								<b>2030m</b>

The proposed drilling above is based upon historical diamond drilling data which may contain actual lateral variation of up to 12m. Historical data are probably not sufficiently robust for inclusion in a future resource estimate calculation. They do, however, provide the explorer with invaluable information as to expected mineralization distribution and general footprint of mineralization. It is highly recommended that the existing drill locations be verified by way of DGPS or similar survey and the historical database updated. Such a survey could aid the explorer by indicating areas on the hill where minor adjustments to proposed drilling may be warranted.

In addition to drilling, surface sampling and geological mapping is included in the recommendations as the author considers the project of sufficient merit to potentially host additional mineralized zones. With this in mind, systematic reconnaissance and detailed geological mapping is suggested over the claim area. Any altered or mineralized rocks should be sampled during this work.

**Drilling, and support activities recommended herein are estimated to cost \$600,000**, as detailed in Table 9 below. Proposed Drill sections are included in Appendix I

**Table 9 Recommended Exploration Programme with Estimated Costs**

<b>DRILLING</b>		
Drilling Contractor (incl mob/demob)	2030m @ ~150/m (all in including surveys)	\$304,500
Senior Geologist	30 days @ \$500/day	\$25,000
Project Geologist	60 days @ \$300/day	\$18,000
Helpers	4 helpers 60 days @ \$50/day incl IMMSS	\$12,000
Vehicles - Rental Trucks/Fuel	60 days @ \$100/day	\$6,000
Geologist/Core Tech Crew/Accommodation	6 workers, 60 days\$70/man day	\$25,200
Water Haulage - 2 shifts/day	water cart, 2 helpers @ \$300/shift	\$36,000
Earthmoving, access trail upgrade and pad building	D-6 \$75/hr 60 hours	\$4,500
Consumables, saw blades, sample bags, tags etc	say \$3000	\$6,000
Geochemical standards/blanks	150 @ \$10/sample	\$1,500
Sample shipping and analysis	1500 samples @ \$40/sample	\$60,000
<b>DIAMOND DRILLING</b>		<b>\$498,700</b>
<b>ONGOING EXPLORATION AND MAINTENANCE OF PROPERTY - INDEPENDENT OF DRILLING</b>		
Senior Geologist	15 days @ \$500/day	\$7,500
Project Geologist	30days @ \$300/shift	\$9,000
Helpers	2 helpers 30 days @ \$50/day incl IMMSS	\$3,000
Truck Rental, fuel	30 days @ \$120/day	\$3,600
Consumables, Sample bags etc	say \$1000	\$1,000
Sample shipping and analysis	200 sample @ \$40/sample	\$8,000
		<b>\$32,100</b>
<b>OFFICE COSTS</b>		
Office Compilation, Database	Database compilation, QA/QC etc 15 days \$ 500/day	\$7,500
Drafting	Maps, GIS 5 days \$ 500/day	\$2,500
Report Compilation, Writing	43-101 style activity report 10 days@ 500/day	\$5,000
		<b>\$15,000</b>
Subtotal		\$545,800
10% Contingency		\$54,580
<b>Total</b>		<b>\$600,380</b>

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[https://www.bcsc.bc.ca/Securities\\_Law/Policies/Policy4/PDF/43-101CP\\_CP\\_February\\_25\\_2016/](https://www.bcsc.bc.ca/Securities_Law/Policies/Policy4/PDF/43-101CP_CP_February_25_2016/)

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Cota, V.Z. (2018) "*Booklet: Formed on the occasion of the awarding of bequests in favor of Beatriz Delia Yepiz Fong, Rodolfo, Beatriz Gloria Guadalupe y Jesus Raul Cuevas Yepiz.*" Court ruling, dated 26<sup>th</sup> October 2018

Medina, H.F. (2018) Concession Transfer Application, Nov 26, 2018 "*Request for the Registration of Resolutions Issued by a Judicial or Administrative Authority that Affect Mining Concessions or the Rights Derived Therefrom*"

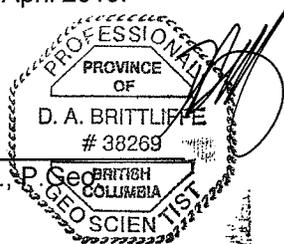
Certificate of Qualified Person

I Dale Brittliffe, P. Geo do hereby certify that:

- 1) I am a contract exploration geologist, current address;  
5642 52 Avenue  
Delta B.C. Canada  
V4K 2C5
- 2) I am responsible for preparation of all sections of the technical report entitled "*NI 43-101 Technical Report Mercedes Property, Yécora Area, Municipality of Yécora, Sonora, Mexico*" with an effective date of April 30<sup>th</sup>, 2019 (the "**Technical Report**")
- 3) I hold a Bachelor of Science in Applied Geology received from Curtin University of Technology, Western Australia in 1997.
- 4) I am currently a member in good standing of the Engineers and Geoscientists of British Columbia (EGBC).
- 5) I have worked as an exploration geologist for a total of twenty years since my graduation from university and have extensive experience in gold-silver exploration. I currently hold the position of Vice President Exploration for Vancouver B.C. Canada based junior exploration company Silver Viper Minerals Corporation.
- 6) I have personally conducted two a site visits to the property, the most recent being on August 7<sup>th</sup>, 2018.
- 7) I am responsible for the preparation of this report in its entirety and take responsibility for all technical details except for specific points of legal opinion and claim status as described within the text
- 8) I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined by NI 43-101) and past relevant work experience, I fulfill the requirements to be considered a "qualified person" for the purpose of NI 43-101.
- 9) I have previous association with the property in that I previously authored a 43-101 technical report dated February 28<sup>th</sup>, 2011 in the capacity of an independent Qualified Person.
- 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 the technical report not misleading.
- 11) I am independent of the issuer, Magna Gold Corp, in accordance to section 1.5 of NI 43-101, I also affirm independence of the Vendor and of the Property, having no ties which might interfere with my judgement regarding the preparation of the technical report.
- 12) I have read NI 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and Form.
- 13) I consent to the public filing of the Technical Report and to extracts from, or a summary of the Technical Report, with any stock exchange and other regulatory authority and any publication by them, including publication in the public company files on their website accessible by the public.

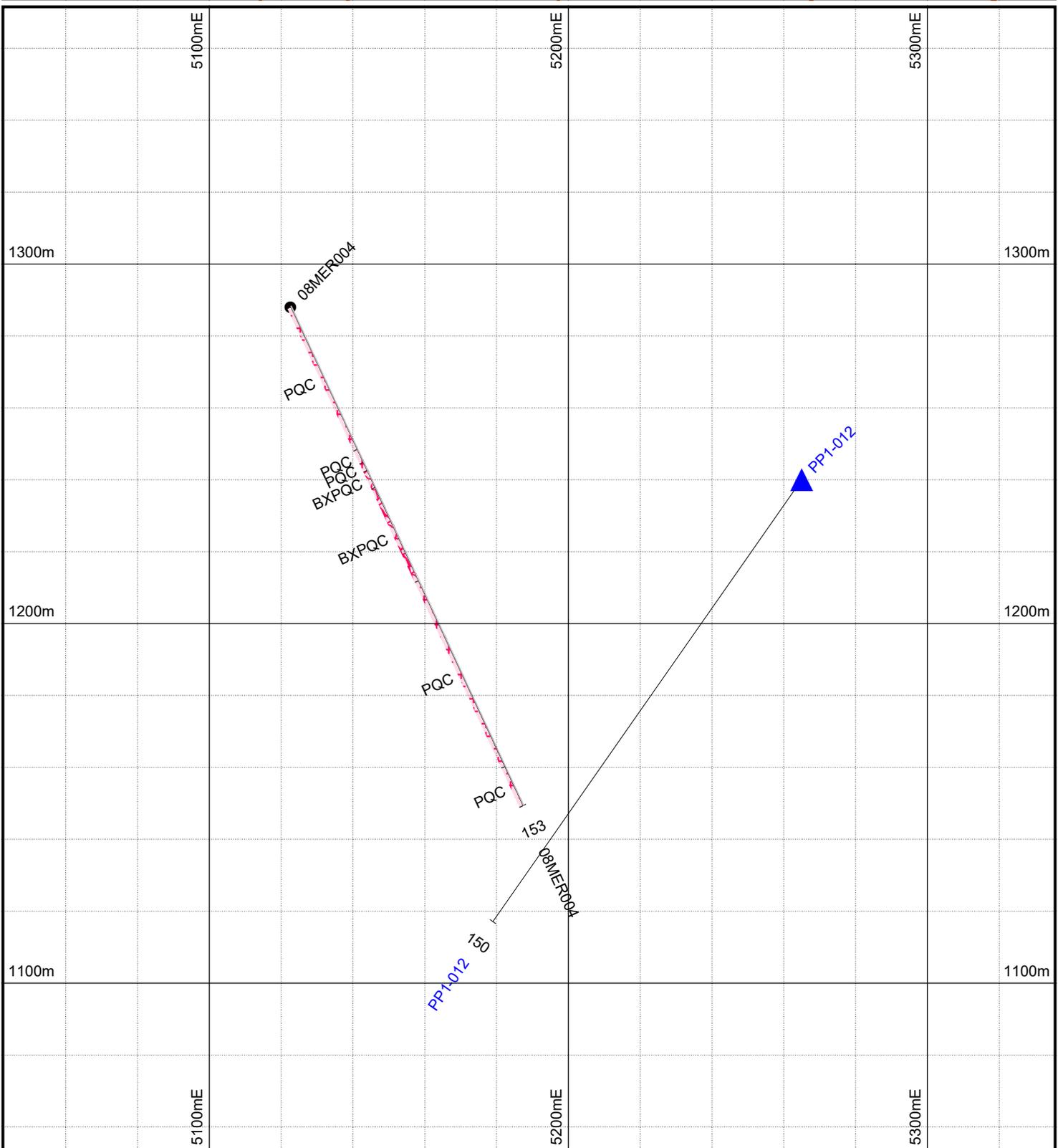
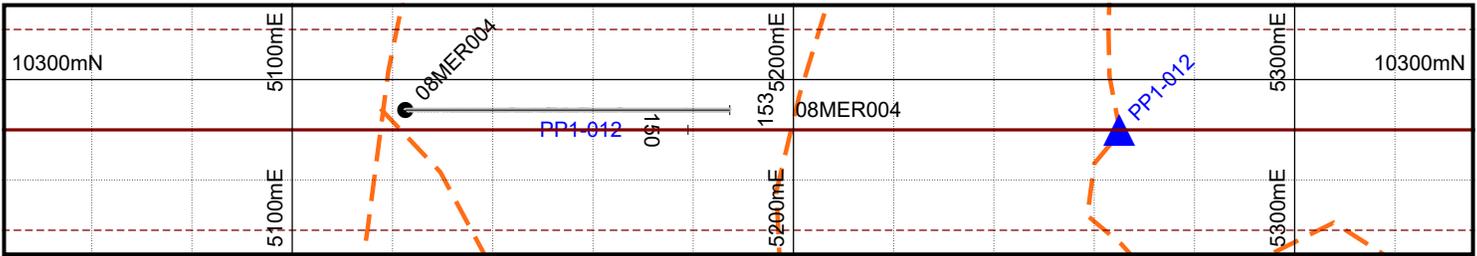
Dated this 30<sup>th</sup> day of April 2019.

Dale A. Brittliffe, B.Sc., P. Geo

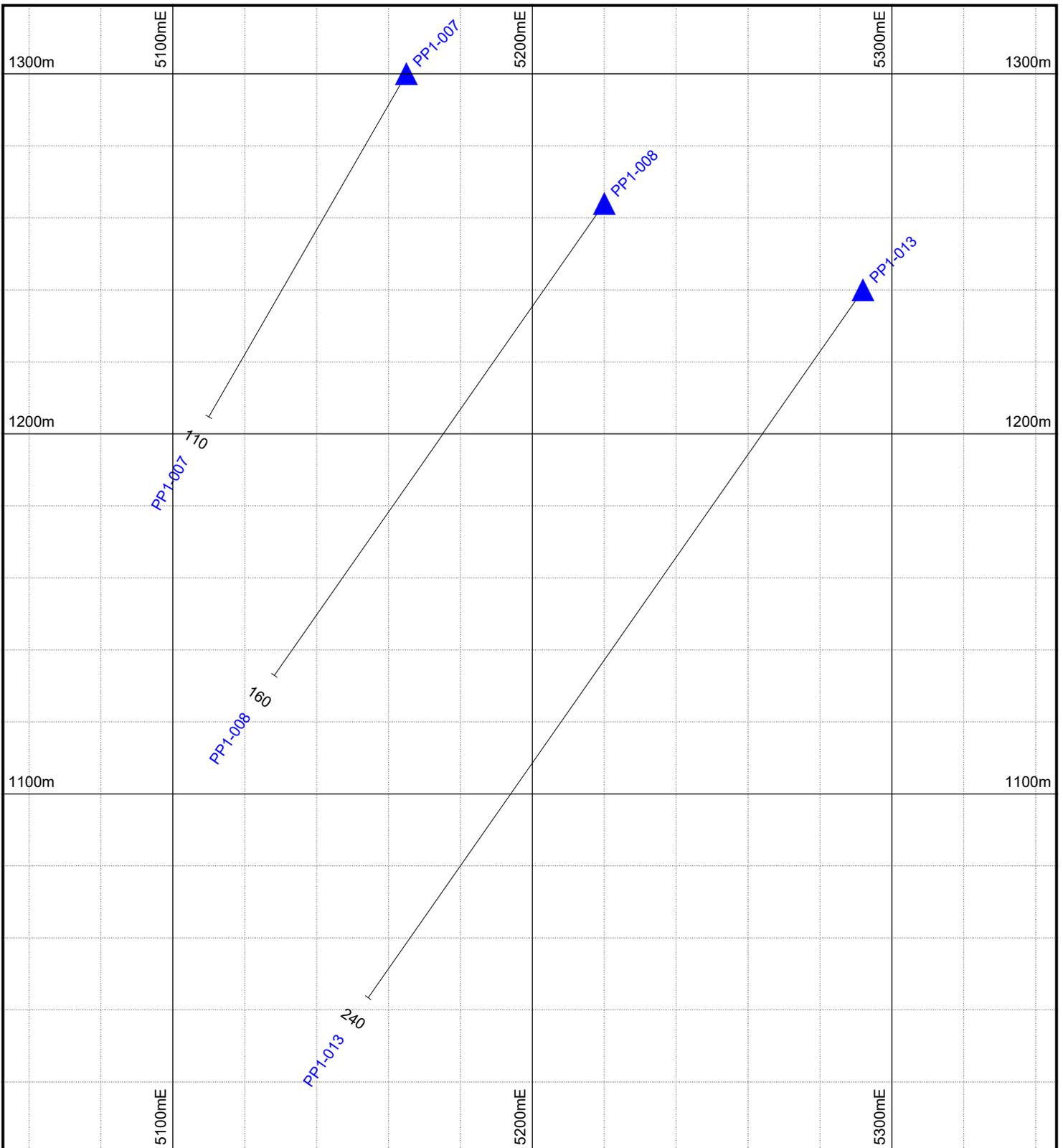
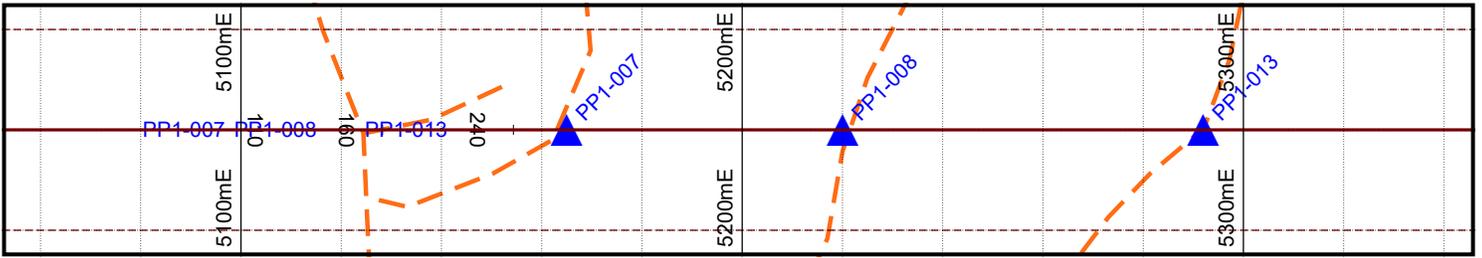


# **APPENDIX I**

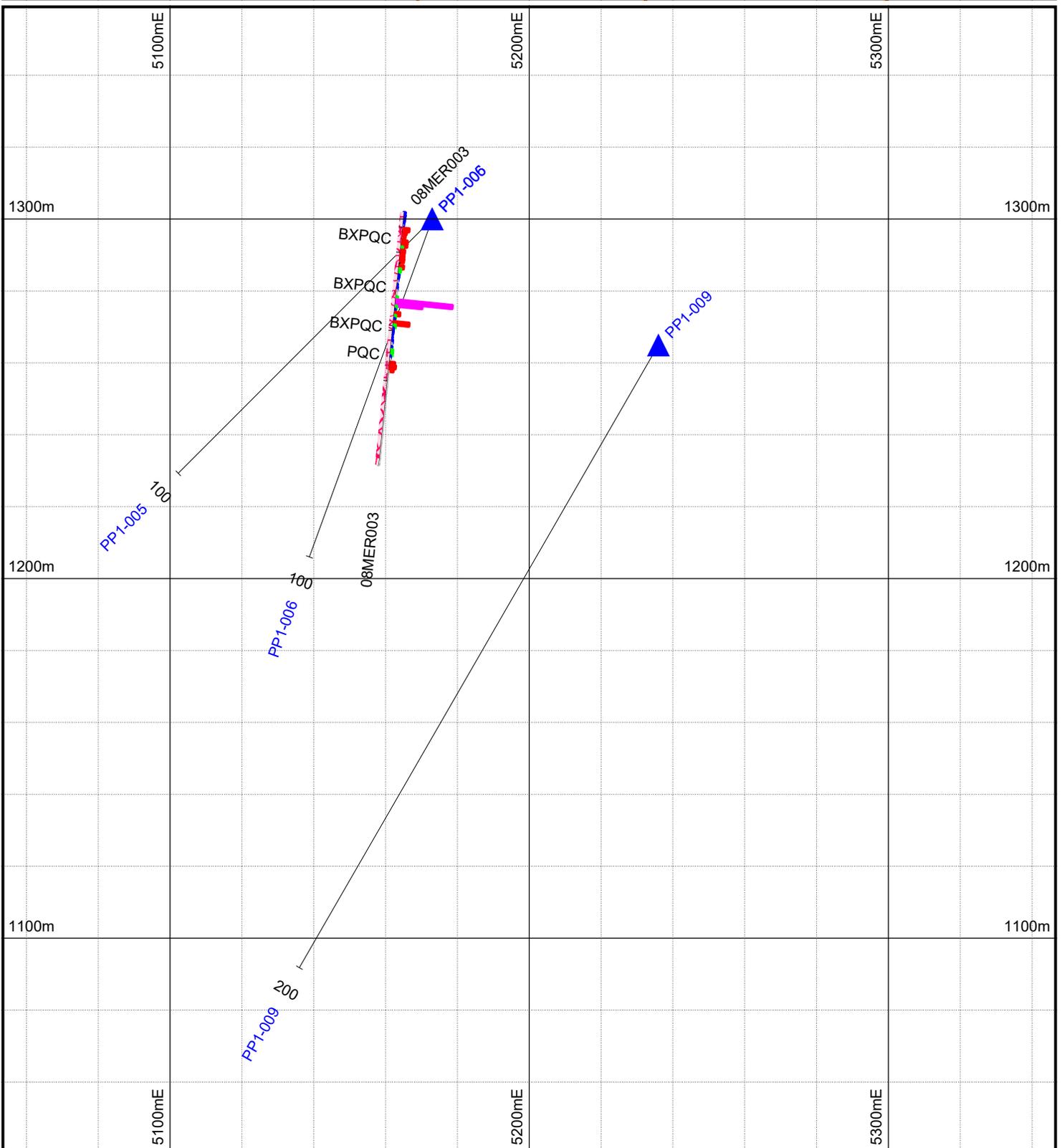
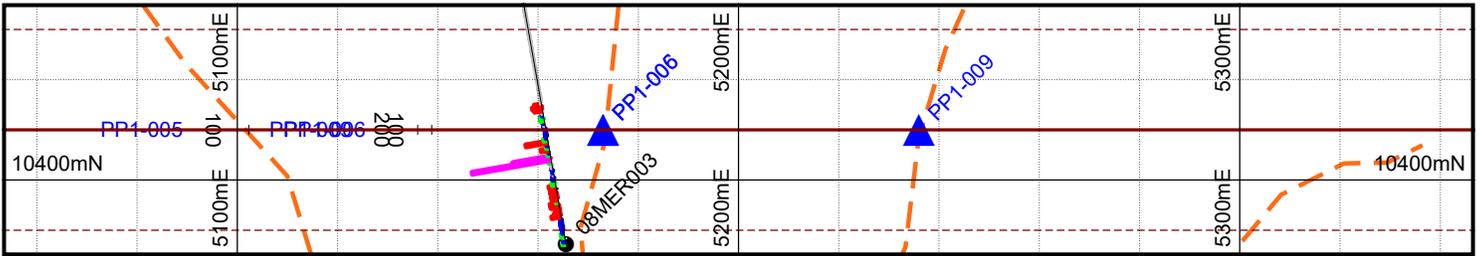
## **Sections – Proposed Drilling**



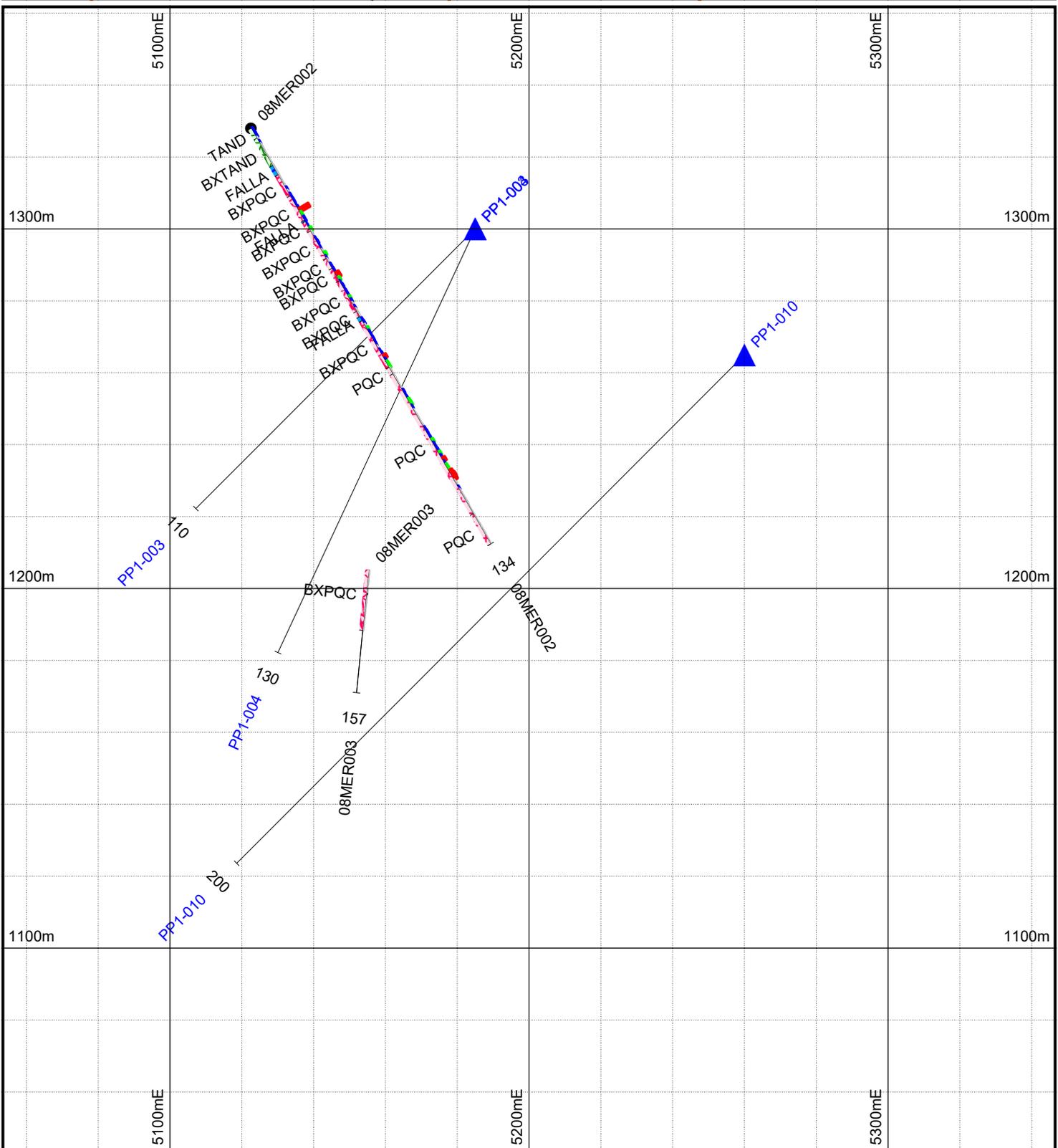
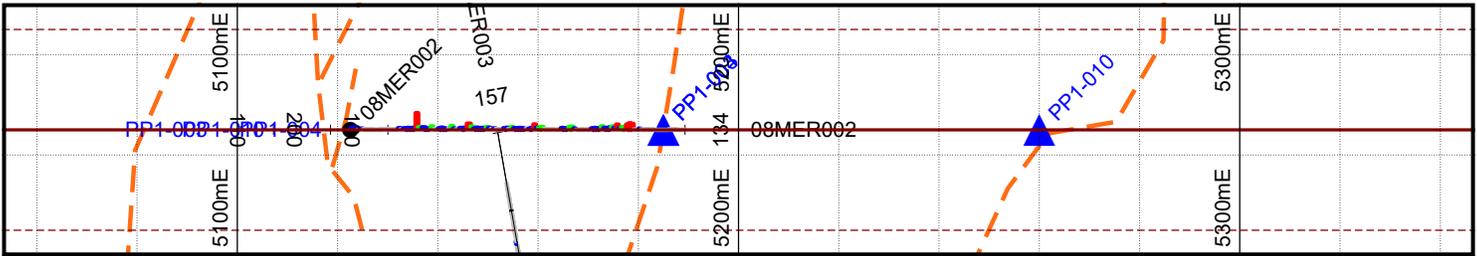
<b>Legend</b> (g) < 0.2 0.2 to 0.5 0.5 to 1.0 1.0 to 5.0 > 5.0	<b>Drill Collars</b> Historical Diamond Hole Proposed Phase I Hole	Scale 1 : 1500 10 0 10 20m	Plot Date 05-Nov-2018	Sheet 1 of 1
			Plot File: 10290_SEC	
<b>MERCEDES</b> <b>SECTION 10290N</b>			<b>Magna</b> <b>Gold Corp</b>	



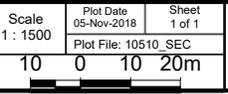
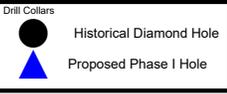
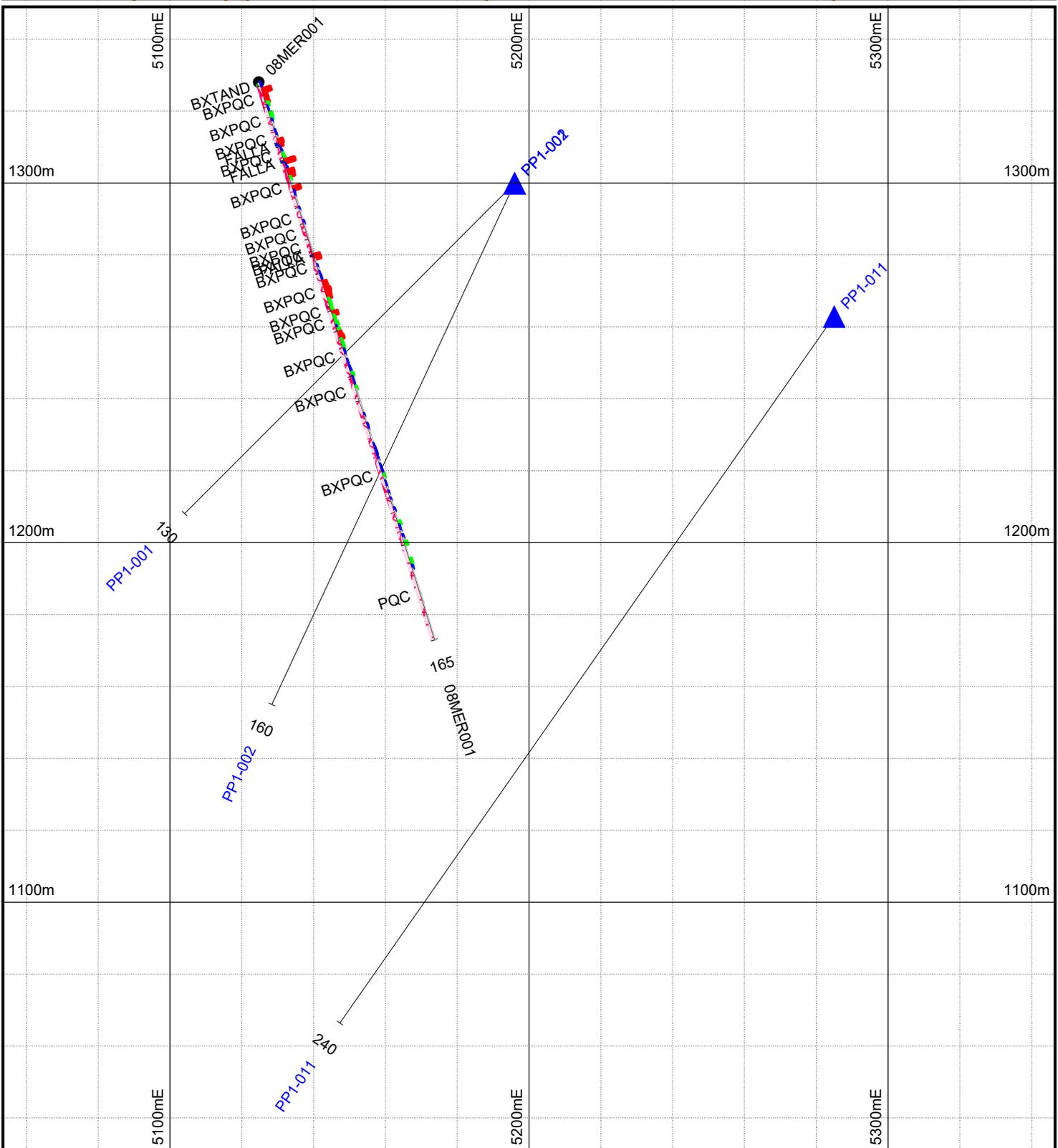
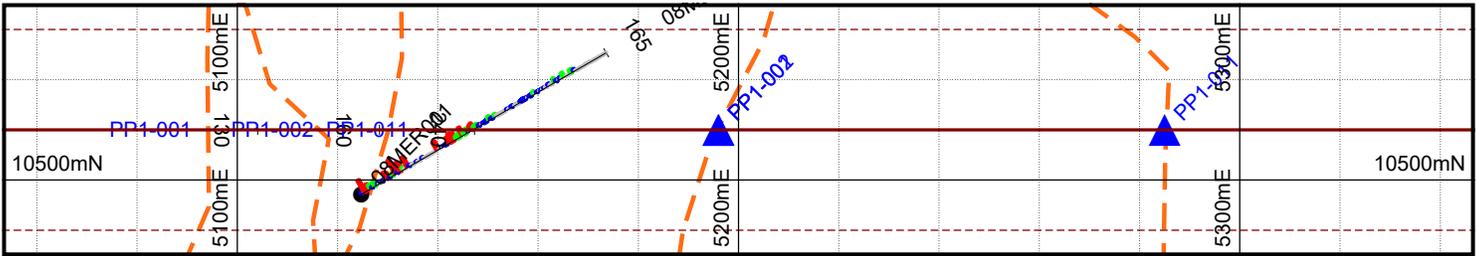
	<b>Drill Collars</b> Historical Diamond Hole Proposed Phase I Hole	Scale 1 : 1500	Plot Date 05-Nov-2018	Sheet 1 of 1	<b>MERCEDES</b> <b>SECTION 10360N</b>	<b>Magna</b> <b>Gold Corp</b>
		Plot File: 10360_SEC 				



<b>Legend (g)</b> 	<b>Drill Collars</b> Historical Diamond Hole Proposed Phase I Hole	<b>Scale</b> 1 : 1500	<b>Plot Date</b> 05-Nov-2018	<b>Sheet</b> 1 of 1
		<b>Plot File:</b> 10410_SEC		
<b>MERCEDES</b> <b>SECTION 10410N</b>				<b>Magna</b> <b>Gold Corp</b>



<b>Legend (m)</b> <span style="color: blue;">■</span> <math>< 0.2</math> <span style="color: green;">■</span> 0.2 to 0.5 <span style="color: red;">■</span> 0.5 to 1.0 <span style="color: yellow;">■</span> 1.0 to 5.0 <span style="color: pink;">■</span> >= 5.0	<b>Drill Collars</b> <span style="color: black;">●</span> Historical Diamond Hole <span style="color: blue;">▲</span> Proposed Phase I Hole	Scale 1 : 1500	Plot Date 05-Nov-2018	Sheet 1 of 1
		Plot File: 10465_SEC 10 0 10 20m		



**MERCEDES**  
SECTION 10510N

**Magna**  
Gold Corp