

Magna Gold Corp. Announces Settlement of Existing Arbitration Proceedings in Relation to the San Francisco Mine

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TORONTO, June 30, 2020 - [Magna Gold Corp.](#) (TSXV: MGR, OTCQB: MGLQF) ("Magna" or the "Company") is pleased to announce that, further to its news release dated April 24, 2020, its subsidiary, Molimentales del Noroeste, S.A. de C.V. ("Molimentales"), has entered into a definitive agreement (the "Definitive Agreement") with Peal de Mexico, S.A. de C.V. ("Peal") to settle the existing arbitration proceedings between Peal and Molimentales in relation to the Company's San Francisco gold mine located in Sonora, Mexico (the "Settlement"). Pursuant to the terms of the Definitive Agreement, Peal has agreed to the Settlement in exchange for aggregate consideration of approximately US\$6,354,782.81 (plus value added taxes) (the "Consideration"). In satisfaction of the Consideration, the Company issued 11,000,000 common shares in the capital of the Company (the "Settlement Shares") to Peal at a deemed price of \$0.35 per Settlement Share and Molimentales has agreed to pay US\$3,495,130.18 (plus value added taxes) in cash to Peal by December 30, 2021.

The Settlement Shares are subject to a lock-up agreement until the earlier of (i) June 30, 2021 and (ii) the date on which Peal and its affiliates collectively hold less than 9.9% of the outstanding common shares in the capital of the Company. In the event that Peal or any of its affiliates wishes to sell or transfer any or all of the Settlement Shares, the Company will have the option to arrange for the purchaser of such shares until the date on which Peal and its affiliates collectively hold less than 9.9% of the issued and outstanding common shares in the capital of the Company. Until the date on which Peal holds less than 10% of the issued and outstanding common shares in the capital of the Company, Peal will have the right to participate in any future issuance or sale by the Company of common shares in the capital of the Company or securities convertible into common shares in the capital of the Company on a pro rata basis in proportion to, and to maintain, its percentage interest in the issued and outstanding common shares in the capital of the Company immediately prior to the applicable issuance or sale (up to a maximum percentage interest of 19%) on the same terms that such securities are offered for issuance or sale to other purchasers, subject to certain customary exceptions.

The Settlement is subject to the receipt of all required regulatory approvals, including the final acceptance of the TSX Venture Exchange (the "Exchange").

The Settlement Shares are subject to resale restrictions pursuant to the policies of the Exchange which will expire on October 31, 2020.

About Magna Gold Corp.

[Magna Gold Corp.](#) is a Canadian gold company engaged in operations, development, exploration and acquisitions in Mexico. Its primary asset is the San Francisco gold mine in Sonora, Mexico and exploration stage projects include San Judas, La Pima and Mercedes.

The Company's shares trade on the TSXV under the trading symbol "MGR" and OTCQB under the trading symbol "MGLQF". Magna takes social license seriously and employ local community members and services in its operations.

For more information, please visit www.magnagoldcorp.com or contact Francisco Arturo Bonillas Zepeda, the Chief Executive Officer, Corporate Secretary and a Director of the Company.

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This news release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, timing and completion of the obligations under the Definitive Agreement, timing for receipt of required regulatory approvals, including the acceptance of the Exchange, the Company's objectives, goals or future plans, exploration results, potential mineralization, the estimation of mineral resources, exploration and mine development plans, timing of the commencement of operations and estimates of market conditions. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, the inability of the Company to satisfy its obligations under the Definitive Agreement, the inability to receive required regulatory approvals, including the acceptance of the Exchange, termination of the Definitive Agreement, failure to identify mineral resources, failure to convert estimated mineral resources to reserves, the inability to complete a feasibility study which recommends a production decision, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, political risks, inability to fulfill the duty to accommodate First Nations and other indigenous peoples, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, capital and operating costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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