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MAGELLAN GOLD Corp

Form 10-K

April 06, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 333-174287

MAGELLAN GOLD CORPORATION

(Name of Registrant in its Charter)

Nevada
(State or other jurisdiction of incorporation or organization)

273566922
I.R.S. Employer Identification Number

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2010A Harbison Drive # 312, Vacaville, CA 95687
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (707) 884-3766

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [] No [X]

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of

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Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The aggregate market value of the 12,200,273 shares of voting and non-voting common equity held by non-affiliates of the Company calculated by taking the last sales price of the Company's common stock of \$0.25 on June 30, 2016 was \$3,050,068.25

The number of shares outstanding of the registrant's common stock, as of March 29, 2017 is 65,630,548.

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (*e.g.*, Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes:

None.

Forward-looking Statements

In General

This report contains statements that plan for or anticipate the future. In this report, forward-looking statements are generally identified by the words "anticipate," "plan," "believe," "expect," "estimate," and the like.

With respect to our mineral exploration business, these forward-looking statements include, but are not limited to, statements regarding the following:

- * the risk factors set forth below under "Risk Factors";
- risks and hazards inherent in the mining business (including environmental hazards, industrial accidents, weather
- * or geologically related conditions);
- uncertainties inherent in our exploratory and developmental activities, including risks relating to permitting and
- * regulatory delays;
- * our future business plans and strategies;
- * our ability to commercially develop our mining interests.;
- * changes that could result from our future acquisition of new mining properties or businesses;
- * expectations regarding competition from other companies;
- * effects of environmental and other governmental regulations;
- * the worldwide economic downturn and difficult conditions in the global capital and credit markets; and
- * our ability to raise additional financing necessary to conduct our business.

Forward looking statements may include estimated mineral reserves and resources which could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include:

- * the risk factors set forth below under “Risk Factors”;
- * changes in the market prices of precious minerals, including gold; and
- * uncertainties inherent in the estimation of ore reserves.

Readers are cautioned not to put undue reliance on forward-looking statements. We disclaim any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of this information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

INTRODUCTION

About Our Company

Magellan Gold Corporation (“Magellan”, “the Company”, “our” or “we”) was formed and organized effective September 28, 2010, under the laws of the State of Nevada. We are an exploration stage company and our principal business is the acquisition and exploration of mineral resources in Arizona, California and Nevada. We have not presently determined whether the properties to which we have mining rights contain mineral deposits that are economically recoverable.

We were formed and organized by Athena Silver Corporation (“Athena”), a Delaware corporation, and by John C. Power and John D. Gibbs, two of the control persons and principal shareholders of Athena. Effective September 2010, we issued an aggregate of 33 million shares of common stock to our founders in consideration of \$.0025 per share: 30 million shares were issued to Messrs. Power and Gibbs and 3 million shares were issued to Athena. During 2011, the majority of the shares issued to Athena were distributed, in the nature of a spin-off dividend of such shares, to the shareholders of Athena, as of a Record Date of December 31, 2010, pro rata.

Our initial focus was on two mining leases secured in 2010 to explore 70 unpatented lode claims known as the “Secret Claims” in Washoe County, Nevada and 10 unpatented lode claims known as the “Randall Claims” in Churchill County, Nevada. We did not renew these leases after the Silver District option was signed in August 2012 and it became our flagship project.

In August 2012, we entered into an Option Agreement with Columbus Silver (US) Corporation (“Columbus”) to purchase “The Silver District Claims” consisting of 85 unpatented lode mining claims, 4 patented lode claims, an Arizona State Exploration Permit of 154.66 acres and 23 unpatented mill site claims, totaling over 2,000 acres in La Paz County, Arizona. The underlying claims are subject to third party lease and or purchase obligations and net smelter royalties of varying percentages. In June and July 2013, Magellan staked 9 additional unpatented lode mining claims in the Silver District adjacent to the land package under option from Columbus; the Company currently retains 2 of these original 9 claims.

Effective September 29, 2014, we entered into a Purchase Agreement with Columbus Silver (US) Corporation, a wholly-owned subsidiary of Columbus Exploration Corporation (TSXV:CLX) to purchase the patented and unpatented mining claims that had been covered by the Option Agreement. The Purchase Agreement superseded the Option Agreement and conveyed the Silver District Claims to the Company. In consideration of the Silver District Claims, we made a one-time payment to Columbus in the amount of \$100,000. Following our purchase of the Silver District Claims, we formed a new wholly-owned subsidiary “Gulf + Western Industries, Inc.” (“Gulf + Western”) and transferred our interest in the Silver District Claims to Gulf + Western.

In November 2015 we were granted a new Arizona State Exploration Permit that effectively increases the size of our exploration permit in the Silver District from 154.66 acres to 334.85 acres.

In October 2012 Magellan staked fifty (50) unpatented lode mining claims known as the “Sacramento Mountains Project” totaling approximately 1,000 acres on Federal (BLM) land. In 2015, we renewed 14 of these claims and let the balance of the claims lapse. The Project was located in the northwest corner of the Sacramento Mountains approximately 10 miles WNW of Needles, California. On February 12, 2016,

the White House announced President Obama had designated three national monuments in southern California covering 1.8 million acres of federal lands. Our Sacramento claims are within borders of one of these new monuments. We determined this new designation would have an adverse effect on our ability to explore or develop mineral deposits on our Sacramento Mountains Project and as a result allowed the claims to lapse, thereby terminating the project.

Reverse Triangular Merger with Gulf + Western Industries, Inc.

In June 2015, we assigned shares of Gulf + Western representing 15% of the total outstanding shares of Gulf + Western to W. Pierce Carson, as consideration of his agreeing to serve as President of Gulf + Western. In July 2016, we completed a reverse triangular merger pursuant to which a newly formed merger subsidiary was merged into Gulf + Western, and the 15% equity interest in Gulf + Western owned by Mr. Carson was converted into 8,623,957 shares of Magellan common stock. As a result of the merger, Gulf + Western became a wholly-owned subsidiary of Magellan.

Rio Silver, Inc. Option Agreement

On October 24, 2016, Magellan Gold Corporation (the “Company”) entered into a Mining Option Agreement (the “Option Agreement”) between and among Rio Silver Inc., a Canadian company (“Rio Silver”), Minera Rio Plata S.A.C., a Peruvian company and subsidiary of Rio Silver (“Minera”), and Magellan Gold Peru S.A.C., a Peruvian company and wholly owned subsidiary of the Company (“Magellan Peru”) pursuant to which Rio Silver through Minera, shall grant to the Company the sole and exclusive option to acquire an undivided 50% interest in and to property located in Peru.

Under the terms of the Agreement, the Company Magellan has the right to earn an undivided 50% interest in the Niñobamba Silver/Gold Project in central Peru. To earn its 50% interest, Magellan must spend \$2.0 million in exploration over three years. The Niñobamba project is comprised of four concessions that total 31 square kilometers (7,660 acres). As announced September 12, 2016, three of the concessions were recently acquired from a Peruvian company owned jointly by Newmont Mining Corporation and Southern Peru Copper Corporation. In January 2017, the exploration venture lodged an application for a new 553-hectare concession, bringing its consolidated land package to 36.5 square kilometers (9,027 acres). Title to the new concession is expected to be granted by the Peruvian Ministry during the first half of 2017.

In connection with the Rio Silver transaction, Magellan is obliged to subscribe to two private placement unit financings in Rio Silver, each for aggregate proceeds of Cdn\$75,000. The Company completed the first unit private placement on August 23, 2016. In January 2017 the second unit private placement was completed.

Our primary focus during the next twelve months will be to further explore, and, if warranted and feasible, conduct exploration drilling to further develop the Niñobamba Silver/Gold Project in central Peru and our Silver District Project, subject to available funding.

We have only had limited operations to date and rely upon the sale of our securities and borrowings from significant investors to fund our operations, as we have not generated any revenue.

Our principal executive offices are located at 2010A Harbison Drive # 312, Vacaville, CA 95687. Our telephone number is (707) 884-3766, and our Internet website is www.magellangoldcorp.com.

Conflicts of Interests

Athena Silver Corporation is a company under common control. Mr. Power is our CFO and director and is also a director and CEO of Athena. Mr. Power and Mr. Gibbs are significant investors in both Magellan and Athena.

Silver Saddle Resources, LLC (“Silver Saddle”) is a private company under common control. Mr. Power and Mr. Gibbs are significant investors and managing members of Silver Saddle.

Magellan, Athena and Silver Saddle are exploration stage companies and each is involved in the business of acquisition and exploration of mineral resources.

The existence of common ownership and common management could result in significantly different operating results or financial position from those that could have resulted had Magellan, Athena and Silver Saddle been autonomous. In addition, the common ownership could result in significant conflicts of interest both in terms of the allocation of working capital as well as under the doctrine of corporate opportunity, inasmuch as all three entities are engaged in mineral exploration in the United States. Messrs. Power and Gibbs have not adopted any policy or guidelines to mitigate the potential adverse effects of their conflicting interests between and among, Magellan, Athena and Silver Saddle.

Investors in Magellan should be cognizant that the interests of Magellan may, in the future, be in conflict with the other activities of Magellan’s control persons.

No Proven or Probable Mineral Reserves/Exploration Stage Company

We are considered an exploration stage company under SEC criteria since we have not demonstrated the existence of proven or probable mineral reserves at any of our properties. In Industry Guide 7, the SEC defines a “reserve” as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Proven or probable mineral reserves are those reserves for which (a) quantity is computed and (b) the sites for inspection, sampling, and measurement are spaced so closely that the geologic character is defined and size, shape and depth of mineral content can be established (proven) or the sites are farther apart or are otherwise less adequately spaced but high enough to assume continuity between observation points (probable). Mineral Reserves cannot be considered proven or probable unless and until they are supported by a feasibility study, indicating that the mineral reserves have had the requisite geologic, technical and economic work performed and are economically and legally extractable.

We have not completed a feasibility study with regard to all or a portion of any of our properties to date. Any mineralized material discovered or extracted by us should not be considered proven or probable mineral reserves. As of December 31, 2016, none of our mineralized material met the definition of proven or probable mineral reserves. We expect to remain an exploration stage company for the foreseeable future, even though we were extracting and processing mineralized material. We will not exit the exploration stage until such time, if ever, that we demonstrate the existence of proven or probable mineral reserves that meet the guidelines under SEC Industry Guide 7.

Our Properties

Our primary focus during the next twelve months, and depending on available resources, will be to acquire, explore, and if warranted and feasible, permit and develop our mineral properties.

We have two material mineral properties, namely the Silver District Project in southwest Arizona and the Niñobamba Silver-Gold Project in south-central Peru. We currently intend to engage in exploration activities on these properties and, if commercially recoverable deposits are found, mineral development activities. To date, we have only begun preliminary exploration work.

The following map illustrates the location of our Silver District Project in the State of Arizona:

SILVER DISTRICT, LA PAZ COUNTY, ARIZONA

Effective August 28, 2012, Magellan entered into an Option Agreement with Columbus Silver (US) Corporation, a Nevada corporation (“Columbus”), which Option Agreement granted the Company the right to acquire all of Columbus’ interest in its Silver District properties located in La Paz County, Arizona. Magellan paid Columbus an initial \$63,200 on signing the Option and an additional \$50,000 before December 31, 2012. An amendment was signed in August 2013 extending the payments to exercise the option.

During February 2014 and January 2013, we paid the final two payments of \$80,000 and \$30,000, respectively, towards the purchase of the James Blaine-patented claim purchase obligation entered into between Columbus and a

third party. We also paid all of the costs to maintain all of the claims and leases in 2013, 2014, 2015 and 2016.

Effective September 29, 2014, we entered into a Purchase Agreement with Columbus to purchase the patented and unpatented mining claims that had been covered by the Option Agreement. The Purchase Agreement superseded the Option Agreement and conveyed the Silver District Claims to the Company. In consideration of the Silver District Claims, we made a one-time payment to Columbus in the amount of \$100,000. Following our purchase of the Silver District Claims, we formed a new wholly-owned

subsidiary “Gulf + Western Industries, Inc.” (“Gulf + Western”) and transferred our interest in the Silver District Claims to Gulf + Western.

The Silver District project area consists of 87 unpatented lode mining claims, 6 patented lode claims, an Arizona State Exploration Permit of 334.85 acres and 23 unpatented mill site claims, totaling over 2,000 acres. The project is located approximately 80 kilometers (50 miles) north of Yuma in southwest Arizona.

2014 Drilling Program

In May 2014, we completed the drilling of three holes at our Silver District Project. The three holes were the initial holes of a permitted 12-hole exploratory program on Magellan’s unpatented claims near the Papago and Red Cloud Mines. The drilling program was permitted and bonded with the BLM and State of Arizona. Following the drilling program, our bond with the BLM in the amount of \$21,457 was refunded.

Two of the three holes drilled (core holes PA-01 / 336 total depth & PA-02 / 380 total depth) were designed to test the Papago target, and one hole (RC-01/ 244 total depth) was directed at the Red Cloud target. Our consulting geologist selected 52 samples that were delivered to ALS Labs in Reno, NV for analysis.

The highlights of the assay results include the following:

Excellent comparison of our core hole PA-01 with historic RC hole S242P. Magellan PA-01 intercept of 90 feet grading 6.05 OPT Ag, (including 10 feet of 17.06 OPT Ag), compared very favorably with the historic result of 90 feet grading 5.78 OPT Ag (including 10 feet averaging 14.60 OPT Ag).

Previously unreported significant zinc and lead assays from the mineralization in PA-01 4.71% Zn and 1.56% Pb over 90 feet, including 10 feet averaging 8.35% Zn and 4.02% Pb.

PA-01 intercepted a previously unknown vein structure, about 15 feet wide and approximately 50 feet below the known mineralized structure, that includes 3 feet grading 3.64% Zn, 0.62% Pb and 0.15 OPT Ag. The significance of this occurrence relative to the Papago resource area is unknown.

PA-02 was drilled 250 feet east of PA-01 to test for the down plunge extension of that intercept, but did not encounter any mineralization due to offset by a late fault.

RC-01 was drilled just north of the Red Cloud open pit to intersect the extension of the Red Cloud vein beneath the Red Cloud Fault. Although the vein was known to be partly cut off by that fault, the hole intersected over 10 feet of the footwall of the vein, which has never been mined, including five feet grading 3.2% Pb, 7.47% Zn, 0.6 OPT Ag and Trace Au. The granodiorite in the footwall of the vein was extensively altered with stockwork veins for over 50 feet, containing anomalous levels of Pb, Zn, Ag and Au.

The 2014 drill results will be incorporated into the existing historic drill database for use in planning additional drilling. Geologic evaluation of the entire district continues as Magellan develops additional drill targets in and around the multiple satellite deposits in the Silver District land package.

2015 Sampling Program

In 2015 the Company carried out a program of rock chip surface sampling. The samples were collected across seven of fourteen known deposits. Results were successful in validating the occurrence of silver values up to 13.0 ounces per ton and fluorspar values up to 25.7% over significant widths. Silver District

deposits are localized along three major vein systems having a collective strike length of eight miles. Previous shallow drilling that partially tested these vein systems identified mineralized material containing silver and fluorite, with additional barite and lead-zinc mineralization.

The sample results are consistent with historical drilling results. In addition, with respect to any future mining development, ICP 33-element analysis returned low values for environmentally undesirable elements such as mercury, arsenic and uranium.

Following are highlights of sample results:

Clip (15 ft rock chip across vein): 13.0 opt Ag; 5.2% Fluorspar (CaF₂);

6.9% Barite (BaSO₄)

Geronimo (12 ft rock chip across vein): 10.5 opt Ag; 5.7% Fluorspar; 1.5% Pb

MP (20 ft rock chip across vein): 5.3 opt Ag

Red Cloud (30 ft rock chip across vein): 4.1 opt Ag; 25.7% Fluorspar; 2.1% Zn

Pacific (20 ft rock chip across vein): 1.0 opt Ag; 20.9% Fluorspar; 2.2% Pb;

3.8%Zn

For locations of the deposits from which the samples were collected, refer to Magellan's management presentation available on the Company's website, www.magellangoldcorp.com.

Geochemical analyses were performed by ALS Minerals in Reno, NV and Vancouver, B.C. Silver analysis was by four acid digestion, HCl leach and atomic absorption finish. Fluorine analysis was by Na₂O₂ fusion, citric acid leach and ion selective electrode. Barium analysis was by fusion XRF. Lead and zinc analyses were by four acid digestion with ICP-AES finish. All samples were analyzed as part of a 33 element package by four acid digestion and ICP-AES finish. Gold analysis was by fire assay with atomic absorption finish.

2016 Exploration Program

During 2016 we conducted exploration in the vicinity of the Red Cloud Mine, one of two mines in the district that produced significant quantities of silver-lead ores during the ten-year period 1883-1893. Mineralization in the Red

Cloud area is controlled by veins localized along fault structures. The vein targets, which in most places are poorly exposed, occur along a prospective fault zone passing through the Red Cloud Mine. The zone and its possible continuation extends 1,000 meters to the north-northwest of the mine, and to the south-southeast continues for over 800 meters towards the Papago Prospect, where drilling in 2014 returned significant results.

Our exploration program in 2016 consisted of a ground magnetic survey and a geochemical orientation survey. The work had several objectives, including gaining a better understanding of the geology and in particular the locations of major fault structures, testing the usefulness of geochemical techniques for locating buried mineralization, and delineating drill targets.

Zonge International performed a GPS-based 2 kilometer x 1 kilometer ground magnetic survey during May 2016. Ground magnetic/GPS data were acquired on 20 lines oriented N70 degrees East and spaced approximately 100 meters apart, for a total distance of 18 line-kilometers of data acquisition. Total-field magnetic measurements and GPS positions were acquired at 1-second intervals, which corresponds to a down-line station spacing of about 1 meter.

Red Cloud Magnetic Survey Interpretation, Showing Rock Domains, Fault Structures, Mines and Prospects and Exploration Target Zones

The magnetic results suggest there are four main magnetic domains in the survey area: 1) relatively low susceptibility metamorphic and granitic basement rocks that occupy the western edge and southeast corner of the survey; 2) higher susceptibility volcanic rocks that bound the Red Cloud in the central eastern part of the survey; 3) low to very low susceptibility volcanic rocks in the northeast corner of the survey that are essentially “non-magnetic or transparent” and reflect the rocks beneath them (probably older volcanic rocks); 4) high to very high susceptibility rocks in the extreme northwest corner of the survey and possibly in the extreme northeast corner.

Structurally, the Red Cloud Fault and probable extensions is evident for about 800 or more meters both north-northwest and south-southeast of the Red Cloud Mine. To the south-southeast it apparently extends toward Papago and the Pacific Patent. It may be cut off or offset on the north end by a significant east-west fault that also separates the two volcanic units. To the south, the andesitic volcanic rocks (and possibly the southern end of the Red Cloud Fault) are cut off by a northeast trending late fault that is obscured by valley fill sediments. Some northwest and west-northwest textures and breaks within the volcanic units are also highlighted. Structural complexity is evident around the Papago drilling area. Late post-mineral faults that juxtapose rocks of high susceptibility with those of low susceptibility are defined clearly, even at 100-meter line spacing.

In summary, the magnetic survey has helped to define major lithologic domains. It also has been especially useful in showing the location of major faults, some of which served as conduits for mineralization and some of which are post-mineral. Several locations along the major Red Cloud fault where poorly exposed constitute prospective exploration targets.

In May 2016, we performed a geochemical orientation survey over the Red Cloud ore body in an attempt to detect known deep mineralization through overlying barren volcanic rocks. If successful, this technique could be useful in identifying additional ore bodies beneath post-mineral cover. In the Silver District, all the known ore bodies crop out at surface. Exploration for extensions of known ore bodies and potentially blind ore bodies must rely on indirect methods such as geochemistry or geophysics.

Twenty-three soil samples were collected at 15-meter intervals along two parallel lines approximately 100 meters apart in the hanging wall of the Red Cloud Vein. The samples were prepared for analysis by MEG, Inc. of Reno, Nevada. A split of all 23 samples were analyzed for mercury (Hg) by MEG using their proprietary GAS'm method. A second split of all 23 samples was submitted to ALS in Reno for Ionic Leach analysis for a 60-element suite of metals including silver, lead, zinc, molybdenum, gold and mercury, which are the primary and main secondary metals found in Red Cloud ore. Both of these methods measure metal ions that are loosely attached to the surfaces of clay minerals in the soil, having been mobilized from a deep mineralized source, traveled upward through barren overlying rock and been re-deposited on the clay minerals.

The orientation survey produced encouraging results. Samples collected from directly above the known, dipping ore body contain levels of silver, lead, molybdenum, zinc, mercury and gold that are ten to one hundred times background. Mercury analyses from the GAS'm survey agreed with mercury analyses from the Ionic Leach method.

Those samples collected closest to the outcropping vein had the highest values, diminishing with distance by a factor of 10 as the dipping vein passed below the water table at a vertical depth of almost 400 feet. The mobilization process for the metals is only effective above the water table in oxidizing conditions, so this fall-off in values was expected.

The orientation survey demonstrates that primary metals from the Red Cloud ore body can be detected through tens to hundreds of feet of barren overlying material as long as the mineralized source is above the water table. Expanding the sample grid along strike to the north and south is warranted to search for

extensions of the Red Cloud vein and to explore for other deposits. The ALS Ionic Leach process is the best analytical tool for an expanded survey, as it adequately detects the principal metals (including mercury) from the known ore bodies.

Based on the encouraging results obtained from the orientation survey, in January-February 2017 we conducted a program of additional soil sampling and submitted approximately 250 samples to ALS for Ionic Leach analysis.

SILVER DISTRICT PATENTED MINING CLAIMS

RED CLOUD Patented Mining Claim – MS 749; Parcel #301-34-003 La Paz Co. Assessor

(Subject to lease agreement)

JAMES G. BLAINE Patented Mining Claim – MS 1258-A Parcel #301-31-001 La Paz Co. Assessor

BLACK ROCK Patented Mining Claim – MS 291 Parcel #301-34-002 La Paz Co. Assessor

PACIFIC Patented Mining Claim – MS 292 Parcel #301-34-002 La Paz Co. Assessor

SILVER GLANCE Patented Mining Claim – MS 246 Parcel #301-34-001 La Paz Co. Assessor

(Subject to lease agreement; title to be perfected)

MENDIVIL Patented Mining Claim – MS 279 Parcel #301-33-002 La Paz Co. Assessor

(Subject to lease agreement; title to be perfected)

ARIZONA STATE EXPLORATION PERMIT

ARIZONA STATE EXPLORATION PERMIT #08-118475 - GRANTED December 2, 2015; 334.85 ACRES+/-

SILVER DISTRICT UNPATENTED MINING CLAIMS

Plata No. 1(3rd am.) AMC# 44189 (subject to lease agreement)

Plata No. 2(2nd am.) AMC# 44190 (subject to lease agreement)

POP #1 (2dAm.) AMC# 43990

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POP #2 (2d Am.)	AMC# 43991
POP #3 (2d Am)	AMC# 43992
POP #4 (2d Am)	AMC# 43993
POP #5 (2d Am)	AMC# 43994
POP #6 (2d Am)	AMC# 43995
POP #7 (2d Am)	AMC# 43996
POP #8 (2d Am)	AMC# 43997
POP #9 (2d Am)	AMC# 43998
POP #10 (2d Am)	AMC# 43999
POP #11 (2d Am)	AMC# 44000
POP #13 (2dAm)	AMC# 44002
POP #14 (2dAm)	AMC# 44003
POP #15 (2dAm)	AMC# 44004
POP #16 (2dAm)	AMC# 44005
POP #17 (Am)	AMC# 44006
POP #19 (Am)	AMC# 44008
POP #21 (Am)	AMC# 44010
POP #22 (Am)	AMC# 44011
POP #24 (2d Am)	AMC# 44013

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POP #25 (2d Am	AMC# 44014
POP #26 (2d Am	AMC# 44015
POP #27 (2d Am	AMC# 44016
POP #28 (2d Am	AMC# 44017
POP #29 (2d Am	AMC# 44018
POP #30 (Am)	AMC# 44019
POP #31 (Am)	AMC# 44020
POP #32 (Am)	AMC# 44021
POP #37 (2d Am)	AMC# 44026
POP #38 (2d Am)	AMC# 44027
POP #43 (Am)	AMC# 44032
POP #50 – POP #51	AMC# 207723-207724
POP #53 – POP #57	AMC# 207725-207729
POP #62	AMC# 207734
RUF #1	AMC # 129269
RUF #2	AMC # 129270
RUF #5	AMC # 129273
RUF #9	AMC # 129277
RUF #10	AMC# 129278
RUF #12	AMC# 129280
RUF #13	AMC# 129281
RUF #14	AMC# 129282
RUF #15	AMC# 129283
RUF #17	AMC# 129285
RUF #18	AMC# 129286
RUF #22	AMC# 129290
RUF #23	AMC# 129291
RUF #24	AMC# 129292
MIL #1	AMC # 129261
MIL #2	AMC# 129262
MIL #3	AMC# 129263
MIL #4	AMC# 129264
MIL #5	AMC# 129265
MIL #6	AMC# 129266
G + W #2	AMC # 129255
G + W #3	AMC # 129256
G + W #4	AMC # 129257
PL-1 – PL-2	AMC # 366944-366945
Arch	AMC # 366937
RU 1 – RU 3	AMC # 366947-366949
CH-1 – CH-6	AMC # 366938-366943

POP 39	AMC # 366946
A-1	AMC # 369924
RIHO	AMC # 369925
MAX 13-26	AMC # 386562-386575
Ruth #1 Amended	AMC # 42216
Ruth #3 Amended	AMC# 44218
Ruth #5 Amended	AMC# 44220
Ruth #7 Amended	AMC# 44222
Plata No. 3 Amended	AMC# 44191
Plata No. 5 Amended	AMC# 44193

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Plata No. 6 Amended AMC# 44194

Plata No.10 Amended AMC# 44195

Plata No.11 Amended AMC# 44196

Plata No.12 Amended AMC# 44197

Plata No.14 AMC# 44199

Plata No.15 Amended AMC# 44200