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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, 2018

☐ **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)

500 Marquette Avenue NW, Albuquerque, NM 87102
(Address of principal executive offices) (Zip Code)

https://www.sec.gov/Archives/edgar/data/1515317/000168316819001012/magellan_10k-123118.htm

On March 3, 2017, Magellan acquired a 150-day option to purchase the SDA Mill from Rose Petroleum plc and its wholly-owned subsidiary Minerales Vane S,A. de C.V. ("Rose") for consideration of $1.0 million in cash and $500,000 in restricted common stock of Magellan. The Company paid an initial $50,000 option fee on March 3, 2017, and on June 1, 2017 paid an additional $100,000 option fee that also applied to the purchase price upon closing.

On July 31, 2017, Magellan and Rose agreed to extend the option period. Under terms of the extension, Magellan had the obligation by August 15, 2017, to deliver executed irrevocable bridge loan commitments representing not less than $900,000 in cash required to fund the transaction. Magellan delivered the loan commitments as required. Magellan also agreed to reimburse Rose for certain mill employee and maintenance costs for the months of August and September 2017. Magellan reimbursed Rose approximately $50,000 for the two months, as required under terms of the extension.

On September 9, 2017, Magellan and Rose executed a definitive and binding stock purchase agreement ("SPA") pursuant to which Magellan would acquire 100% interest in Rose's wholly-owned Mexican subsidiary that owned the SDA Mill. The SPA provided that the purchase price for the SDA Mill would be US $1.5 million, consisting of $1.0 million in cash (of which $100,000 had been paid in the form of an option extension payment on June 1, 2017) and

$500,000 in shares of Magellan's restricted common stock. The SPA provided that closing of the transaction would be subject to the satisfaction of certain conditions, including Rose completing the split-off of its Mexican subsidiary that owned the SDA Mill and Rose obtaining the approval of its shareholders.

On November 30, 2017, as disclosed above, the transaction closed for the agreed upon price of approximately US$1.5 million, consisting of $1,000,000 in cash, including the $100,000 option extension payment, and $500,000 in restricted common stock of Magellan. Based upon the volume weighted average price per share of Magellan Gold stock for the 30 calendar days preceding the closing date, 284,017 shares of stock were issued in connection with the transaction.

The total purchase price for the SDA Mill was determined to be $1,476,025 which consisted of $850,000 cash, a $50,000 promissory note, the $50,000 non-refundable option payment, the $100,000 previously paid for the option-to-purchase extension, and 284,017 shares of common stock (the "Shares") with a fair value of $426,025. The note was non-interest bearing and has been paid in full. The Shares will be held in escrow for a period of 12 months and the Company has the option to repurchase the Shares from Rose for the sum of $500,000 in the first six months and $550,000 in months 7 to 12. This repurchase option expired unexercised.

The SDA Mill is a fully operational flotation plant that also includes a precious metals leach circuit and associated assets, licenses and agreements. The mill has the capacity to process ore at a rate of up to 200 tons per day. The mill has a ten-year operating history. Historically its operation has been based on sales of flotation concentrates to smelters, and payment for precious metals content. Until the month of November 2017 when the Company conducted limited toll milling operations, milling activity was on hold pending the completion of the purchase transaction.

Magellan acquired no ore reserves in connection with the SDA Mill purchase. Resumption of production will depend on the Company's success in identifying and acquiring new sources of ore, for which there is no assurance.

Recent Developments with the SDA Mill

The Company has reached preliminary agreement with a private company supplier of mineralized material to toll treat the material at the Company's SDA Mill. The supplier will source the mineralized material and deliver it to the mill. Test processing of a bulk sample of approximately 600 tons was completed in February 2019. While the results of the test were encouraging, the supplier has experienced challenges in providing mineralized ore on a consistent basis. The Company intends to identify alternative suppliers for the mill.

SDA Mill, Nayarit State, Mexico

SDA Mill

Location and Access

The SDA Mill ("SDA") is located in the town of San Dieguito de Arriba, within the municipality of Acaponeta, in the State of Nayarit, Mexico. It is approximately 15 km east of Acaponeta and easily accessible by paved road. The town, with a population of approximately 300 inhabitants, lies at an elevation of 38 meters asl and is within the ejido of the same name. Acaponeta is about 150 km southeast from Mazatlan, a 1.5 hours drive via a major paved highway. Mazatlan is served by direct flights from several cities in the US and Canada.

The SDA plant and tailings area includes approximately 9 hectares (21.6 acres) of land leased from the local ejido and an individual. The largest lease of 6 hectares (14.4 acres), on which the plant is located, was renewed in 2016 and includes the supply of plant make-up water. The facility is fully permitted and the Operating License is valid until 2026.

Ore transport, operating supplies and concentrate shipments are by truck. The majority of employees live in the adjacent town of San Dieguito de Arriba and either walk or bicycle to work.

History

The SDA plant was built and began operating in 2007 by Minerales Vane S.A. de C.V. ("Vane"), and operated more or less continuously until 2017. The plant was originally designed to process ore from Vane's El Diablito mine. Vane

developed and exploited this mine as well as other mines through joint ventures until mining ceased in October 2015 due to lack of ore.

The mill continued to operate until April 2017, processing ore from various operators in the region on a toll basis. The toll ores were tested prior to processing to estimate recoveries and concentrate grades. Typical reported recoveries were in the range 85-92% for gold and 72-77% for silver. The stated objective of SDA was to produce a bulk gold-silver concentrate of the highest grade possible without detrimental impurities.

The SDA plant generally has been operated at the rate of 100 mtpd over the past ten years.

An agitated leach system and precious metals recovery plant (Merrill – Crowe) was installed and operated briefly processing concentrates. The leach system is not currently being operated.

Water and Power

Water is pumped from the Rio Acaponeta, 2.4 km distant to the west using a company owned portable pump and 4-inch piping. The fresh water make-up requirement is estimated at 4-5 m^3 per hour. This is equivalent to approximately 1 tonne of fresh water per tonne of ore processed. The plant has two storage tanks totaling approximately 150 m^3 of storage.

Power is supplied by an overland power line from the grid by Comision Federal de Electricidad ("CFE"). Rates are set by the CFE. Plant power is 440V with two transformers, one for the plant and a smaller unit for the laboratory.

Workforce

When fully operational the SDA Mill is operated with a total of 36 employees, which includes 3 in administration (I GM and 2 Engineers), 4 in the laboratory and 29 operators. The technical support for metallurgy is provided through an external consultant. Overall the workforce is well trained to maintain current operating status, and open to process improvement given external support. Turnover is nil with the advantage of the local workforce, and community relations are in good standing.

Process Plant

The main sections of the SDA process plant include:

- Crushing – two stage crushing in closed circuit – capacity 25 mtph
- Grinding – ball mill in closed circuit with cyclone classifier – capacity 150 mtpd
- Flotation – including conditioner tank, roughers and cleaners – capacity + 150 mtpd
- Concentrate vats, drying and load out area
- Tailings facility – contains 250,000 mt – additional capacity 150,000 mt
- Analytical laboratory
- Office, warehouse and small maintenance shop
- Leaching – Merrill Crowe installation – not operating – capacity 300 mtpd concentrate leaching

The plant historically has operated at 100 mtpd but has the capacity to operate at 150 mtpd or greater without additional capital expenditure.

Exploration Plans

Magellan acquired no ore reserves in connection with the SDA Mill purchase. Resumption of production will depend on the Company's success in obtaining new sources of ore, for which there is no assurance.

The Company's strategy is to acquire new sources of ore, to resume mining and processing operations, and to build production and increase cash flow. A key objective will be to secure high-grade feed sources. The mill lies within the rich Sierra Madre Occidental mineralized belt, which historically has yielded millions of ounces of precious metals and offers multiple high-grade gold and silver epithermal vein opportunities.

Subject to securing the necessary funding, we have budgeted $350,000 for exploration work over the next 12 months, comprising $100,000 for geologic mapping and geochemical sampling, and $250,000 for diamond drilling and assaying of approximately 2,000 meters of core.

If exploration and/or acquisition is successful in generating projects with potential for production, then additional funding would be required for mine development. The Company's objective would be to achieve production as a matter of priority.

The exploration program will be supervised by Pierce Carson, the Company's president, and by well qualified geologists based in Mexico.

EL DORADO

Location and Access

The El Dorado Gold-Silver Project is located in the Pacific Coastal Plain, near the village of Las Minitas, Municipality of Rosamorada, State of Nayarit, within the Mining Agency of Tepic. It lies 50 kilometers south of the Company's SDA Mill, 70 kilometers north-northwest of Tepic, the state capital, and 180 kilometers southeast of Mazatlan, Sinaloa. The project has excellent road and rail infrastructure.

The El Dorado Mining Concession consists of a 50-hectare concession held under option by the Company's wholly-owned subsidiary Minerales Vane 2 S.A. de C.V. from a Mexican private company, Ingenieros Mineros S.A. de C.V.

NAME OF THE MINING CONCESSION	TITLE N°
EL DORADO	166132

The principal vein system is the El Dorado epithermal vein trend that strikes N50°E and dips steeply to the NW. It forms a continuous reef outcrop 1.5 kilometers in length. Additional discontinuous outcrops both to the NE and SW indicate a strike length of 3.5 kilometers.

History

The El Dorado vein system has a history of small-scale mining. In the period 1900-1927 a mineralized zone was mined in the Hundido Mine. A historic longitudinal section of this portion of El Dorado vein indicates that it was mined for gold and silver to a maximum depth of 150 meters from the surface. The workings are largely inaccessible and there are no production records available. Based on the extent of old workings and the size of the stopes shown on the

historic longitudinal section approximately 50,000 tons of gold-silver mineralization are estimated to have been extracted from the Hundido Mine.

From 1965 to 1975 Rafael Velasco extracted mineralized material from the El Dorado mine, located 250 meters further NE of the El Hundido mine, and from 1975 to 1983 American interests mined direct-to-smelter grade material from the El Dorado mine.

From 1985 to 1990 the company Ingenieros Mineros SA de CV continued operations in the El Dorado Mine in three levels to a depth of 30 meters below the surface and shipped the ore to the "El Venado" processing plant located near Ruiz, Nayarit, for toll treatment to produce a flotation concentrate. Historic metallurgical balance sheets from this plant indicate the grade of the material was on the order of 5 g/t Au and 70 g/t Ag.

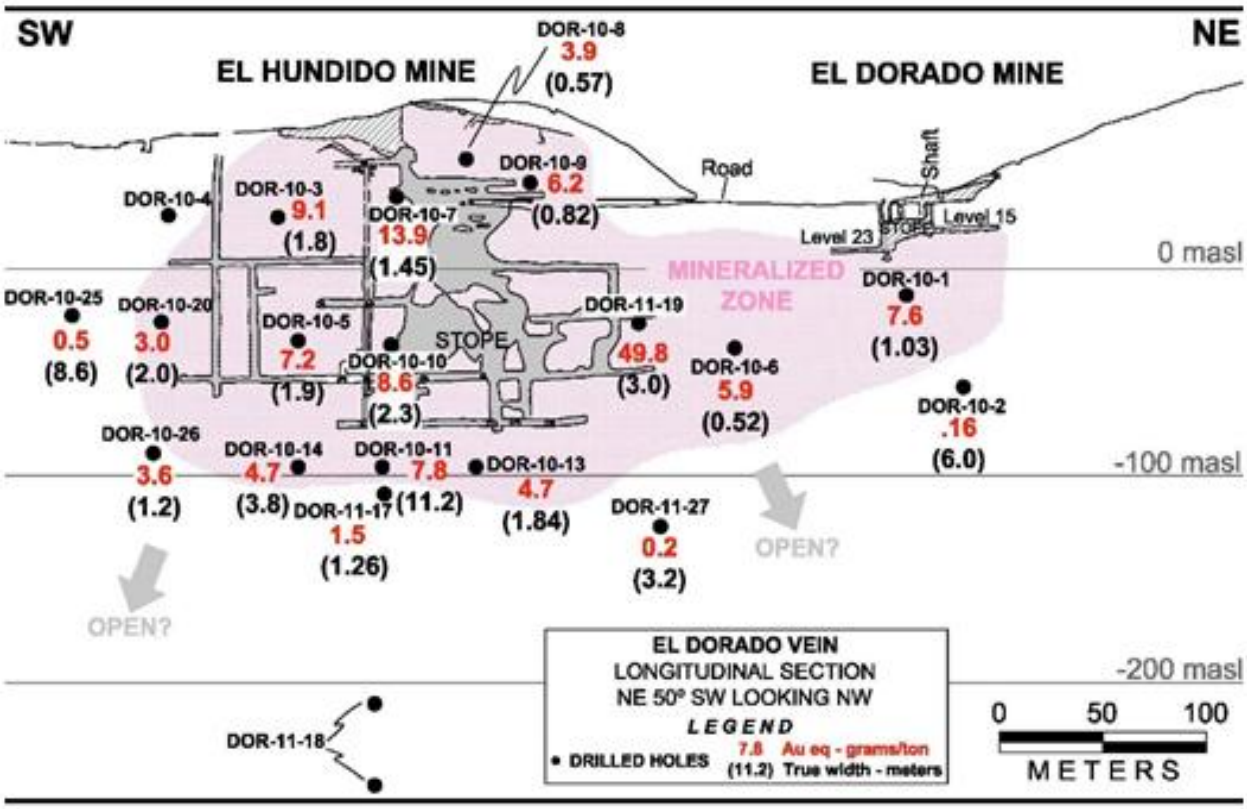
In a report dated May 1986 by Compañia Fresnillo, S.A. de C.V., a list of 46 underground samples reported an average grade of 7.88 g/t Au and 55 g/t Ag for the three levels of the El Dorado Mine with vein widths ranging from 1.2 meters to 4.0 meters.

Magellan has not verified available historic data because the underground workings are presently flooded and inaccessible. In due course the Company intends to dewater the underground workings and carry out the work necessary to verify data and define the size and grade of the mineralization.

Drilling Program 2010-2011

Drilling on the El Dorado vein system was conducted by a TSX.V-listed company in 2010-2011 and comprised 28 diamond core holes totaling 4,950 meters. The drilling intersected multiple steeply-dipping silicified mineralized zones extending from near-surface to a drilled depth of 150 meters.

The following longitudinal section shows the drilling pattern along the El Dorado vein in the area of the Hundido and El Dorado mines, and summary drill hole intersection grades and widths.



The mineralization extends from near surface to a drilled depth of 150 meters and is open at greater depth.

Two veins appear to offer particular promise for mining, namely the Hundido and Intermedia veins. These veins lie adjacent to and along strike from the old Hundido Mine. Polygonal resource calculations for the two veins, based on intersections in 10 core holes are summarized as follows:

MINERALIZATION INDICATED BY DRILLING

Vein	True Width m	Tonnes	Au Equiv g/t
Hundido	2.3	89,000	7.01
Intermedia	8.3	91,000	15.17

Notes: 1. Polygonal resources based on intersections from 10 holes.
2. Tonnage reduced by 25% to allow for mining dilution and recovery loss.
3. Does not constitute ore reserves under SEC Industry Guide 7.

Geology

The stratigraphy of the district consists predominantly of a thick andesitic lithic lapilli tuff, with a dacitic crystal tuff marker horizon within the andesitic pile. The andesitic sequence is overlain by a pre-vein rhyolitic pyroclastic sequence, indicating an andesitic/rhyolitic bimodal composition. In the central part of the district a complex of domes and dikes of rhyolitic composition exhibit a NE-SW orientation similar to the vein system. The pre-vein volcanic stratigraphy shows a general tilt of 8°-15° to the east, exposing the deepest portions of the stratigraphy and hydrothermal system in the SW and central parts of the district, and the higher geologic level of the deposit towards the NE where high level silicification and argillization outcrop.

The vein pattern is interpreted to be the result of a right lateral structural regime that developed a N50°E fault system exhibiting a horizontal component of movement, and a conjugate system of N70°E to E-W faults with dilational and normal movement. The principal mineralized structure in the district is the El Dorado Vein which can be traced on the surface for a distance greater than 3 kilometers, and exhibits structural complexity with numerous conjugate vein splits both in the hangingwall and footwall.

A number of prospective exploration targets have been defined along the El Dorado Vein structure related to old mines, anaomalous geochemical sample results and zones of structural complexity.

Two main stages of vein formation appear to be present consisting of early fine to medium grained crystalline quartz with Pb-Zn-Cu and Ag sulfides (Stage I), and a later Stage II which consists of generally barren coarse-crystalline quartz that is commonly observed cementing breccia fragments of Stage I vein material. In the hangingwall and footwall of the veins it is common to observe quartz stockwork-stringer zones with Pb-Zn-Cu sulfides as well as dissemination of sulfides in permeable zones of coarse-grained tuffs and pyroclastic breccias. In the geologically deeper central part of the El Dorado vein system where the Hundido and El Dorado mineralized zones were mined, quartz with Au-Ag values and base metal sulfides of Stage I are present accompanied by strong propylitization (epidote and chlorite) of the andesitic volcanic, particularly in the footwall portion of El Dorado vein system.

The El Dorado Vein exhibits potential to contain multiple mineralized zones, including higher grade over minable widths for underground mining, or lower-grade open pitable stockwork zones which are observed over tens of meters in width in both the hangingwall and footwall of the El Dorado vein system.

Exploration and Development Plans

Subject to the availability of financing, Magellan intends to advance El Dorado towards production as a matter of priority. The Company has initiated permitting and is in the process of selecting an underground mining contractor. The project has excellent road and rail infrastructure, and the Company plans to truck the mineralized material from El Dorado to the Company's SDA Plant for processing, a distance of approximately 50 kilometers.

Commencement of mining will depend on a number of preconditions, the most important of which include obtaining environmental and blasting permits, selecting and mobilizing a mining contractor and procuring financing. An access and land use agreement with the local ejido already is in place. Once development begins, mineralized material will be accessible with a minimal amount of underground development. Mineralized material will be sourced initially from the shallow, upper portions of the mineralized veins.

The Company also has identified and is assessing exploration targets and other acquisition opportunities in the El Dorado district as well as in other districts within trucking distance of the SDA Mill.

Our Exploration Process

Our exploration program is designed to acquire, explore and evaluate exploration properties in an economically efficient manner. We have not at this time identified or delineated any mineral reserves on any of our properties.

Our current focus is primarily on the exploration of our Silver District (Arizona) and exploration opportunities nearby our SDA mill in Nayarit, Mexico, and in particular our El Dorado Gold-Silver Project. We plan to develop a formal sample collection and analysis process in due course; this process will include appropriate quality assurance and quality control procedures.

Subject to our ability to raise the necessary funds, we may acquire additional exploration properties near our existing properties or elsewhere and implement exploration programs that may cover these future properties.

We expect our exploration work on a given property to proceed generally in three phases. Decisions about proceeding to each successive phase will take into consideration the completion of the previous phases and our analysis of the results of those phases.

The first phase is intended to determine whether a prospect warrants further exploration and involves:

- researching the available geologic literature;
- interviewing geologists, mining engineers and others familiar with the prospect sites;
- conducting geologic mapping, geophysical testing and geochemical testing;
- examining any existing workings, such as trenches, prospect pits, shafts or tunnels;
- digging trenches that allow for an examination of surface vein structures as well as for efficient reclamation
- analyzing samples for minerals that are known to have occurred in the test area.

Subject to obtaining the necessary permits in a timely manner, the first phase can typically be completed on an individual property in several months at a cost of less than $200,000.

The second phase is intended to identify any mineral deposits of potential economic importance and would involve:

- examining underground characteristics of mineralization that were previously identified;
- conducting more detailed geologic mapping;
- conducting more advanced geochemical and geophysical surveys;
- conducting more extensive trenching; and
- conducting exploratory drilling.

Subject to obtaining the necessary permits in a timely manner, the second phase can typically be completed on an individual property in nine to twelve months at a cost of less than $1 million. Our Silver District Project has reached the second phase.

The third phase is intended to precisely define depth, width, length, tonnage and value per ton of any deposit that has been identified and would involve:

- drilling to develop the mining site;
- conducting metallurgical testing; and
- obtaining other pertinent technical information required to define an ore reserve and complete a feasibility study.

Depending upon the nature of the particular deposit, the third phase on any one property could take one to five years or more and cost well in excess of $1 million. None of our properties has reached the third phase.

We intend to explore and develop our properties ourselves, although our plans could change depending on the terms and availability of financing and the terms or merits of any joint venture proposals.

Plan of Exploration

We have two material properties, namely the Silver District Project in southwest Arizona and the SDA Mill in Nayarit State, Mexico. We currently intend to engage in exploration activities on the Silver District Project and, if commercially recoverable deposits are found, to conduct mineral development activities.

We intend to assess and acquire mineral properties in the region of the SDA Mill with the objective of sourcing ore for resumption of processing at the mill. To date, we have only begun preliminary exploration work.