UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2014**. Commission File Number **001-33574**.

MAG SILVER CORP.

(Exact name of Registrant as specified in its charter)

BRITISH COLUMBIA
(Province or other jurisdiction of incorporation or organization)

1040
(Primary Standard Industrial Classification Code Number (if applicable))

Not Applicable
(I.R.S. Employer Identification Number (if applicable))

Suite 770 – 800 West Pender Street, Vancouver, British Columbia V6C 2V6 Tel: 604-630-1399
(Address and telephone number of Registrant's principal executive offices)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, DE 19711
Tel: (302) 738-6680
(Name, address (including zip code) and telephone number (including area code)
Of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares, without par value	**NYSE MKT LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

For annual reports, indicate by check mark the information filed with this Form:

X Annual information form X Audited annual consolidated financial statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report.

68,860,536 outstanding shares of the Registrant's common stock as of the fiscal year ended December 31, 2014.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 o

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 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 o No o

EXPLANATORY COMMENT

MAG Silver Corp. (the "Company" or the "Registrant") is a British Columbia corporation and a "foreign private issuer" as defined in Rule 3b-4 promulgated under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") by the U.S. Securities and Exchange Commission (the "SEC"). Under the SEC's rules, the Company is eligible to prepare and file this annual report on Form 40-F, and to present the disclosures herein primarily in accordance with Canadian disclosure requirements, which differ in certain material respects from those which the SEC requires of United States companies.

For example, the Company has prepared its financial statements, which are included as Exhibit 99.2 to this annual report on Form 40-F, in accordance with IFRS, and such statements are not in many respects directly comparable to financial statements of United States companies.

Similarly, and as discussed in greater detail below in "ESTIMATES OF RESOURCES AND RESERVES," the resource and reserve estimates included in the accompanying Annual Information Form (including the Schedules thereto), found at Exhibit 99.1 of this Form 40-F Annual Report, and management's discussion and analysis for the fiscal year ended December 31, 2014 filed as Exhibit 99.2 to this Annual Report on Form 40-F, have been prepared in accordance with the requirements of Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"), which differ from the practices used to estimate resources and reserves in reports and other materials filed with the SEC by United States companies.

As a “foreign private issuer” the Company is exempt from certain proxy-related requirements found in Sections 14(a), 14(b), 14(c), and 14(f) of the Exchange Act, and the insider reporting, “short swing profit” and short sale provisions found in Section 16 thereof are not applicable to the Company’s common shares.

PRINCIPAL DOCUMENTS

The following documents have been filed by the Company with this Annual Report on Form 40-F, and are incorporated herein by reference:

A. Annual Information Form

The Company’s Annual Information Form (“AIF”) for the fiscal year ended December 31, 2014: see Exhibit 99.1 of this Annual Report on Form 40-F.

B. Audited Annual Consolidated Financial Statements and accompanying Management’s Discussion and Analysis

The Company’s Audited Annual Consolidated Financial Statements including the report of Independent Registered Public Accounting Firm with respect thereto and accompanying Management’s Discussion and Analysis for fiscal year ended December 31, 2014: see Exhibit 99.2 of this Annual Report on Form 40-F. The Company’s Audited Annual Consolidated Financial Statements have been prepared in accordance with IFRS.

CAUTIONARY COMMENT ON FORWARD-LOOKING STATEMENTS AND ADJACENT PROPERTY DISCLOSURES

Forward Looking Statements

This Annual Report on Form 40-F contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively, “forward-looking statements”) that are based on the beliefs and estimates of management on the date as of which the statement are made, as well as assumptions made by and information then available to the Company. The Company’s documents incorporated herein by reference, contain forward-looking statements concerning anticipated developments in the operations of the Company in future periods, planned exploration and development activities, the adequacy of the Company’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “potential,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” occur or be achieved. Information concerning the interpretation of drill results and mineral resource or reserve estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in the AIF.

For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Adjacent Property Disclosure

The staff of the SEC takes the position that mining companies, in their filings with the SEC, should describe only those mineral deposits that the companies themselves can economically and legally extract or produce. The AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F contains information regarding adjacent properties on which we have no right to explore or mine, and is considered by management to be of material importance to the Company and its land holdings in the area. Investors are cautioned that mineral deposits on adjacent properties are not necessarily probative of the existence, nature or extent of mineral deposits on our properties.

ESTIMATES OF RESOURCES AND RESERVES

The Company's AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F and management's discussion and analysis for the fiscal year ended December 31, 2014 filed as Exhibit 99.2 to this Annual Report on Form 40-F have been prepared in accordance with the requirements of Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") — *CIM Definition Standards on Mineral Resources and Mineral Reserves* , adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators, which establishes standards for disclosure a Canadian public company makes of scientific and technical information concerning its mineral projects, differs from the requirements of SEC Industry Guide 7 ("SEC Industry Guide 7") under the United States Securities Act of 1933, as amended (the "Securities Act").

For example, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101 and the CIM standards. These definitions differ from the definitions in SEC Industry Guide 7.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. It should not be assumed that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this Annual Report and the documents incorporated by reference herein contains descriptions of mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws.

DISCLOSURE CONTROLS AND PROCEDURES

After evaluating the effectiveness of the Company's disclosure controls and procedures as required by paragraph (b) of Exchange Act Rule 13a-15, the Chief Executive Officer and Chief Financial Officer of the Company have concluded that, as of the end of the period covered by this Annual Report on Form 40-F, the Company's disclosure controls and procedures were effective to ensure that material information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f).

Management recognizes that effective internal control over financial reporting may nonetheless not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has evaluated the effectiveness of the Company's internal control over financial reporting as of the end of the Company's fiscal year ended December 31, 2014 using the framework *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that, as of December 31, 2014, the Company maintained effective internal control over financial reporting.

ATTESTATION REPORT OF THE INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

Under the Jumpstart Our Business Startups Act ("JOBS Act"), enacted by Congress in April 2012, "emerging growth companies" ("EGCs") are exempt from the requirements of Section 404(b) of the Sarbanes-Oxley Act, which requires that public companies, in connection with the filing of their annual reports under the Exchange Act provide an attestation by their independent auditors regarding management's assessment of the effectiveness of internal controls over financial reporting. The Company qualifies as an EGC under the JOBS Act, and is therefore exempt from the requirement of obtaining such an auditor attestation.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the period covered by this Annual Report on Form 40-F, no changes occurred in the Company's internal control over financial reporting that were identified in connection with the evaluation required by paragraph (e) of Exchange Act Rule 13a-15 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

Not applicable.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that each of Derek White, Richard Colterjohn, Peter Barnes and Jill Leversage is an "audit committee financial expert" as that term is defined in paragraph (8) of General Instruction B of Form 40-F, and each is an "independent director" as that term is defined under the listing standards applicable to the Company contained in Section 803A of the NYSE MKT Company Guide. A description of the relevant experience of each of such director can be found in the AIF. The SEC has indicated that the designation of a director as an audit committee financial expert does not make that director an "expert" for any purpose, impose any duties, obligations or liability on him or her that are greater than those imposed on members of the Audit Committee and Board of Directors who do not carry this designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS FOR CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, AND OFFICERS AND DIRECTORS

The Company has adopted a Code of Business Conduct and Ethics (the "Code") for its Chief Executive Officer, Chief Financial Officer, directors and officers. The Company previously furnished the latest version of the Code with the SEC on May 21, 2014 as Exhibit 99.1 to its Form 6-K. Shareholders may obtain a copy upon request, addressed to The Secretary, MAG Silver Corp., #770-800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company has also posted the Code on its internet website at www.magsilver.com. Amendments to the Code were approved by the directors on May 13, 2014 and since that time there have been no further amendments to the Code. No waivers were granted from the Code during the fiscal year ended December 31, 2014.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed by the Company's current external auditor, Deloitte LLP, in each of the last two fiscal years are as follows.

Presented in Canadian$	**Year ended December 31, 2014**	**Year ended December 31, 2013**
Audit Fees	$ 195,000	$ 191,800
Audit-Related Fees	74,880	34,400
Tax Fees	113,555	141,710
All Other Fees	0	0
Total	$ 383,435	$ 367,910

The nature of the services provided by Deloitte LLP under each of the categories indicated in the table is described below.

Audit Fees

Audit fees are those incurred for professional services rendered by Deloitte LLP for the audit of the Company's annual consolidated financial statements, for the quarterly interim reviews of the Company's unaudited consolidated financial statements, additional services provided in connection with statutory and regulatory filings or engagements, including for the Company's wholly owned subsidiaries, Minera Los Lagartos, S.A. de C.V., Minera Pozo Seco S.A. de C.V., and Minera Sierra Vieja S.A. de C.V.

Audit-Related Fees

Audit-related fees are those incurred for: i) professional services rendered by Deloitte LLP relating to the short form prospectus and ii) professional fees related to the Mexican statutory audit.

Tax Fees (tax compliance, tax advice and tax planning)

Tax fees are those incurred for professional services rendered by Deloitte LLP for: tax compliance, including the review of tax returns, tax planning and advisory services relating to common forms of domestic and international taxation (i.e. income tax, capital tax, goods and services tax, payroll tax and value added tax); continued tax planning and advisory services on potential restructuring and spin-out projects; and, preparation of a Transfer Pricing report.

All Other Fees

There are no other fees to report under this category for professional services rendered by Deloitte LLP for the Company.

PRE-APPROVAL POLICIES AND PROCEDURES

It is within the mandate of the Company's Audit Committee to approve all audit and non-audit related fees. The Audit Committee is informed routinely as to the non-audit services actually provided by the auditor pursuant to this pre-approval process. The auditors also present the estimate for the annual audit related services to the Audit Committee for approval prior to undertaking the annual audit of the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

None.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
Presented in US$ (unless noted otherwise)

Option Payments Expenditures	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
Salamandra [1]	$ 387,900	$ 172,400	$ 215,500	$ -	$ -
Cinco De Mayo [2]	110,000	110,000	-	-	-
Subtotal - Option Payments	$ 497,900	$ 282,400	$ 215,500	$ -	$ -
Exploration & Evaluation Expenditures					
Salamandra [1]	860,803	-	860,803	-	-
Juanicipio [3]	-	-	-	-	-
Subtotal - Exploration & Evaluation	$ 860,803	$ -	$860,803	$ -	$ -
Option Payments and Exploration Expenditures – Total	**$ 1,358,703**	**$ 282,400**	**$ 1,076,303**	**$ -**	**$ -**
Office Lease	732,322	141,390	434,554	156,378	-
Total Obligations	**$ 2,091,025**	**$ 423,790**	**$ 1,510,857**	**$ 156,378**	**$ -**

(1) Salamandra property option payments of C$450,000 and exploration expenditure commitments of $860,803 by May 23, 2017 in order to exercise an initial 55% interest in the property. An additional C$20 million of exploration expenditures (or the delivery of a feasibility study) over the four years following the initial 55% earn in is required to exercise an additional 15% option on the property.

(2) Cinco de Mayo property option payments of $110,000 on two auxiliary claims acquired in 2010.

(3) The Company makes cash deposits to Minera Juanicipio as cash called by operator Fresnillo, based on approved joint venture budgets. The scale and scope of the Juanicipio project will require development capital in the years ahead exceeding the Company's on hand cash resources. As noted above in this section, it is unlikely that the Company will generate sufficient operating cash flows to meet these ongoing obligations in the foreseeable future. Accordingly the Company will need to raise additional capital in the future and is currently evaluating debt, equity, and other financing alternatives in order to continue to fund its share of cash calls and avoid dilution of its ownership interest.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Company has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are:

Chair:	Derek White
Members:	Richard Colterjohn
	Peter Barnes
	Jill Leversage

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with respect to the class of securities in relation to which the obligation to file this Form 40-F arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report on Form 40-F to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: **MAG SILVER CORP.**

By: /s/ "*George Paspalas*"
Name: George Paspalas
Title: President and Chief Executive Officer
Dated: March 25, 2015

EXHIBITS

23.1	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
23.2	Consent of David Ross, P.Geo.
23.3	Consent of Jason Cox, P.Eng.
23.4	Consent of Holger Krutzelmann, P.Eng.
31.1	Certification by the Chief Executive Officer of the Registrant pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer of the Registrant pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Chief Financial Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Registrant's Annual Information Form for the fiscal year ended December 31, 2014.
99.2	Registrant's Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for the fiscal year ended December 31, 2014.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our report dated March 25, 2015 relating to the consolidated financial statements of MAG Silver Corp. ("MAG Silver") appearing in this Annual Report on Form 40-F of MAG Silver for the year ended December 31, 2014.

/s/ *"Deloitte LLP"*

Chartered Accountants
Vancouver, BC, Canada
March 25, 2015

EXHIBIT 23.2

CONSENT OF DAVID ROSS, P.Geo.

I refer to the technical reports prepared by Roscoe Postle Associates Inc. entitled "Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico", dated June 12, 2014 as amended June 30, 2014 and "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico" dated November 14, 2012 (the "Technical Reports") that are referenced in the Registrant's Annual Information Form ("AIF") of MAG Silver Corp. for the fiscal year ended December 31, 2014, filed as Exhibit 99.1 to this Annual Report on Form 40-F with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. I was responsible for preparing, authoring and certifying the Technical Reports.

I hereby consent to reference to my name and to the use of the Technical Reports in the AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Sincerely,

/s/ "David Ross"
David Ross, P.Geo.
March 25, 2015

EXHIBIT 23.3

CONSENT OF JASON COX, P.Eng.

I refer to the technical report prepared by Roscoe Postle Associates Inc. entitled “Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico”, dated June 12, 2014 as amended June 30, 2014 (the “Technical Report”) that are referenced in the Registrant’s Annual Information Form (“AIF”) of MAG Silver Corp. for the fiscal year ended December 31, 2014, filed as Exhibit 99.1 to this Annual Report on Form 40-F with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. I was responsible for preparing, authoring and certifying the Technical Report.

I hereby consent to reference to my name and to the use of the Technical Report in the AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Sincerely,

/s/ “Jason Cox”
Jason Cox, P.Eng.
March 25, 2015

EXHIBIT 23.4

CONSENT OF HOLGER KRUTZELMANN, P.Eng.

I refer to the technical report prepared by Roscoe Postle Associates Inc. entitled “Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico”, dated June 12, 2014 as amended June 30, 2014 (the “Technical Report”) that are referenced in the Registrant’s Annual Information Form (“AIF”) of MAG Silver Corp. for the fiscal year ended December 31, 2014, filed as Exhibit 99.1 to this Annual Report on Form 40-F with the United States Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. I was responsible for preparing, authoring and certifying the Technical Report.

I hereby consent to reference to my name and to the use of the Technical Report in the AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Sincerely,

/s/ “Holger Krutzelmann”
Holger Krutzelmann, P.Eng.
March 25, 2015

EXHIBIT 31.1

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, George Paspalas, certify that:

1. I have reviewed this Annual Report on Form 40-F of MAG Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 25, 2015

/s/ "*George Paspalas*"
George Paspalas
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Larry Taddei, certify that:

1. I have reviewed this Annual Report on Form 40-F of MAG Silver Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 25, 2015

/s/ "*Larry Taddei*"
Larry Taddei
Chief Financial Officer

EXHIBIT 32.1

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

In connection with the Annual Report of MAG Silver Corp. (the "Registrant") on Form 40-F for the fiscal year ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George Paspalas, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ "George Paspalas"

Name: George Paspalas
Title: Chief Executive Officer
March 25, 2015

EXHIBIT 32.2

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

In connection with the Annual Report of MAG Silver Corp. (the "Registrant") on Form 40-F for the fiscal year ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Larry Taddei, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ "*Larry Taddei*"
Larry Taddei
Chief Financial Officer
March 25, 2015

EXHIBIT 99.1

REGISTRANT'S ANNUAL INFORMATION FORM FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014.

ANNUAL INFORMATION FORM

March 25, 2015

MAG Silver Corp.

Suite 770 – 800 West Pender Street
Vancouver, BC, Canada V6C 2V6

An additional copy of this Annual Information Form for the year ended December 31, 2014 may be obtained upon request from the Corporate Secretary of MAG Silver Corp. at the above address or from the company's web site - www.magsilver.com.

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INTRODUCTORY NOTES

In this Annual Information Form ("AIF"), unless the context otherwise dictates, "we", "MAG" or the "Company" refers to MAG Silver Corp. and its subsidiaries.

Date of Information

All information in this AIF is as of December 31, 2014 unless otherwise indicated.

Documents Incorporated By Reference

The information provided in this AIF is supplemented by disclosure contained in the documents listed below which are incorporated by reference into this AIF. These documents must be read together with this AIF. The documents listed below are not contained within, nor attached to this document. The documents may be accessed by the reader at the following locations:

Type of Document	Effective Date / Period Ended	Date Filed / Posted	Document name which may be viewed at the SEDAR website at www.sedar.com
Amended and Restated Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico	June 12, 2014 (Amended June 30, 2014)	July 3, 2014	Technical Report (43-101) – English Qualification Certificate(s) and Consent(s)
Technical Report on the Upper Manto Deposit, Chihuahua, Mexico	November 14, 2012	November 16, 2012	Technical Report (43-101) – English Qualification Certificate(s) and Consent(s)

Cautionary Statement on Forward-Looking Information

This AIF and the documents incorporated by reference herein contain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws. Such forward-looking statements and information include, but are not limited to:

- the future price of silver, gold, lead and zinc;
- the estimation of mineral resources;
- preliminary economic estimates relating to the Juanicipio Project (as defined herein);
- estimates of the time and amount of future silver, gold, lead and zinc production for specific operations;
- estimated future exploration and development expenditures and other expenses for specific operations;
- permitting time lines;
- the Company's expectations regarding impairments of mineral properties;
- the Company's expectations regarding its negotiations with the Ejido to obtain surface access to the Cinco de Mayo project;

- the anticipated timing of an updated technical report for Minera Juanicipio (as defined herein);
- the anticipated timing of a formal 'production decision' at Minera Juanicipio (as defined herein);
- the Company's expectations regarding the sufficiency of its capital resources and requirements for additional capital;
- litigation risks;
- currency fluctuations; and
- environmental risks and reclamation cost.

When used in this AIF, any statements that express or involve discussions with respect to predictions, beliefs, plans, projections, objectives, assumptions or future events of performance (often but not always using words or phrases such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "strategy", "goals", "objectives", "project", "potential" or variations thereof or stating that certain actions, events, or results "may", "could", "would", "might" or "will" be taken, occur, or be achieved, or the negative of any of these terms and similar expressions), as they relate to the Company or management, are intended to identify forward-looking statements and information. Such statements reflect the Company's current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions.

Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements and information, including, among others:

- the potential for no commercially mineable deposits due to the speculative nature of the Company's business;
- none of the properties in which the Company has an interest having any mineral reserves;
- the Company's properties are primarily in the exploration stage, and most exploration projects do not result in commercially mineable deposits;
- estimates of mineral resources being based on interpretation and assumptions which are inherently imprecise;
- no guarantee of surface rights for the Company's mineral properties;
- no guarantee of the Company's ability to obtain all necessary licenses and permits that may be required to carry out exploration and development of its mineral properties and business activities;
- risks related to all of the properties in which the Company has an interest being located in Mexico;
- the effect of global economic and political instability on the Company's business;
- risks related to the Company's ability to finance substantial expenditures required for commercial operations on its mineral properties;
- the Company's history of losses and no revenues from operations;
- risks related to the Company's ability to arrange additional financing, and possible loss of the Company's interests in its properties due to a lack of adequate funding;
- risks related to the development of the ramp decline to access and confirm mineralization at the Juanicipio Project, particularly, Minera Juanicipio not yet having made a formal "production decision", and no guarantee that the financial results and the contemplated development timeline will be consistent with the Technical Report (as defined herein);
- risks relating to the capital requirements for the Juanicipio Project and the timeline to production;
- risks related to title, challenge to title, or potential title disputes regarding the Company's mineral properties;

- risks related to the Company being a minority shareholder of Minera Juanicipio;
- risks related to disputes with joint venture partners;
- risks related to the influence of the Company's significant shareholders over the direction of the Company's business;
- the potential for legal proceedings to be brought against the Company;
- risks related to environmental regulations;
- the highly competitive nature of mineral exploration industry;
- risks related to equipment shortages, access restrictions and lack of infrastructure;
- the Company's dependence upon key personnel, some of whom may not have entered into written agreements with the Company, and other qualified management;
- the Company's dependence on certain service providers (Minera Cascabel S.A. de C.V. ("Cascabel") and IMDEX Inc. ("IMDEX")) to supervise operations in Mexico;
- risks related to directors being, or becoming, associated with other natural resource companies which may give rise to conflicts of interest;
- currency fluctuations (particularly the C$/US$ and US$/Mexican Peso exchange rates) and inflationary pressures;
- risks related to mining operations generally;
- risks related to fluctuation of mineral prices and marketability;
- the Company being subject to anti-corruption laws, human rights laws, and Mexican foreign investment and income tax laws;
- the Company being subject to Canadian disclosure practices concerning its mineral resources which allow for more disclosure than is permitted for domestic U.S. reporting companies;
- risks related to maintaining adequate internal control over financial reporting;
- funding and property commitments that may result in dilution to the Company's shareholders;
- the volatility of the price of the Company's Common Shares;
- the uncertainty of maintaining a liquid trading market for the Company's Common Shares;
- of the Company being a "passive foreign investment company" which may have adverse U.S. federal income tax consequences for U.S. shareholders;
- the difficulty of U.S. litigants effecting service of process or enforcing any judgments against the Company, as the Company, its principals and assets are located outside of the United States;
- all of the Company's assets being located outside of Canada;
- risks related to the decrease of the market price of the Common Shares if the Company's shareholders sell substantial amounts of Common Shares;
- risks related to dilution to existing shareholders if stock options are exercised; and
- the history of the Company with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements and information. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements and information due to a variety of risks, uncertainties and other factors, including without limitation, those referred to in this AIF under the heading "*Risk Factors*" and documents incorporated by reference herein. The Company's forward-looking statements and information are based on the reasonable beliefs, expectations and opinions of management on the date the statements are made and, other than as required by applicable securities laws, the Company does not assume any obligation to update forward-looking statements and information if circumstances or management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements and information.

Currency and Exchange Rates

All dollar amounts referred to in this AIF are expressed in United States dollars ("US$") except where indicated otherwise. The Company's accounts are based on a US$ functional currency and are reported in a US$ presentation currency. All references to "dollars" are "$" are to US$ except where indicated otherwise. All references to "pesos" are to Mexican pesos. The Company incurs expenditures primarily in US$, and to a lessor extent in Canadian dollars ("C$"), and pesos.

The following table sets forth the rate of exchange for the C$ expressed in US$ in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars:

Canadian dollars, as expressed in US dollars	**Year Ended December 31**		
	2014	**2013**	**2012**
Rate at end of period	$0.8620	$0.9402	$1.0051
Average rate for period	$0.9030	$0.9666	$1.0012
High for period	$0.9422	$1.0164	$1.0299
Low for period	$0.8589	$0.9348	$0.9599

The noon rate of exchange on March 25, 2015 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was C$1.00 equals US$0.7992.

The following table sets forth the rate of exchange for the Mexican Peso expressed in US$ in effect at the end of the periods indicated, the average of exchange rates in effect on the last day of each month during such periods, and the high and low exchange rates during such periods based on the exchange rate published by Banco de Mexico in the Official Journal of the Federation to settle liabilities denominated in foreign currency payable in Mexico, for conversion of Mexican Pesos into United States dollars ("Official Closing Rate"):

Mexican pesos, as expressed in US dollars	Year Ended December 31		
	2014	2013	2012
Rate at end of period	$0.0679	$0.0765	$0.0770
Average rate for period	$0.0748	$0.0779	$0.0760
High for period	$0.0778	$0.0835	$0.0792
Low for period	$0.0676	$0.0744	$0.0695

The Official Closing Rate of exchange on March 25, 2015 as reported by the Banco de Mexico for the conversion of Mexican Pesos into United States dollars was $1.00 Pesos equals US$0.0670.

Metric Equivalents

For ease of reference, the following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
Acres	Hectares	0.404686
Tons	Tonnes	0.907185
Troy Ounces/ton ("opt")	Grams/Tonne ("g/t")	34.2857

Financial Data in this AIF

Financial information reported in this AIF is in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Defined Terms

A glossary of certain terms used in this AIF is attached as Schedule "B". Terms used and not defined in this AIF that are defined in National Instrument *51-102 - Continuous Disclosure Obligations* shall bear that definition. Other definitions are set out in National Instrument *14-101 - Definitions*.

Cautionary Statement Regarding Non-IFRS Measures

This AIF includes certain terms or performance measures commonly used in the mining industry that are not defined under IFRS, including cash cost per ounce of silver. These terms and measures do not have a standardized meaning prescribed by IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Non-IFRS measures should be read in conjunction with the Company's financial statements.

CORPORATE STRUCTURE

MAG Silver Corp. was originally incorporated under the *Company Act* (British Columbia) on April 21, 1999 under the name "583882 B.C. Ltd.". On June 28, 1999, in anticipation of becoming a capital pool company, the Company changed its name to "Mega Capital Investments Inc." On April 22, 2003, the Company changed its name to "MAG Silver Corp." to reflect its new business upon the completion of its qualifying transaction on the TSX Venture Exchange. Effective March 29, 2004, the *Company Act* (British Columbia) was replaced by the *Business Corporations Act* (British Columbia). Accordingly, on July 27, 2005, the Company transitioned under the *Business Corporations Act* (British Columbia) and adopted new articles and concurrently increased its authorized capital from 1,000,000,000 Common Shares to an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value.

The Company's head office is located at Suite 770, 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered office is located at 2600 – 595 Burrard Street, Vancouver, British Columbia Canada, V7X 1L3.

Intercorporate Relationships

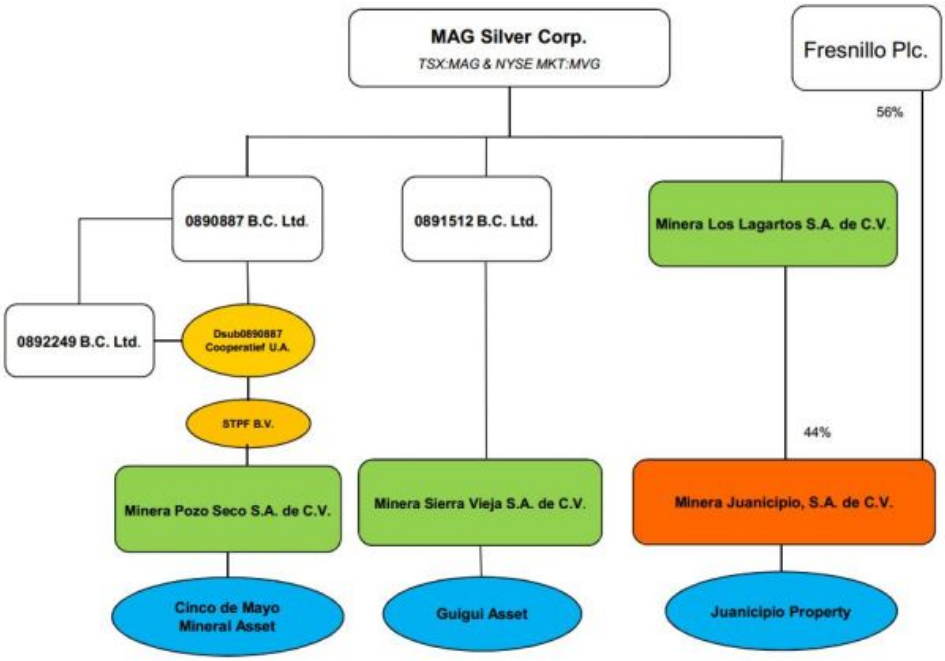
The Company is the registered owner of 99.99% of the issued Class I shares of Minera Los Lagartos, S.A. DE C. V. ("Lagartos"), a corporation incorporated under the laws of Mexico. The remaining 0.01% of the issued Class I shares of Lagartos are held by Dan MacInnis, a director of the Company. The Company effectively has 100% beneficial ownership of Lagartos. The registered and records office of Lagartos is located at Paseo de Los Tamarindos 60, Bosques de Las Lomas, 05120 Mexico, D.F., Mexico.

Lagartos is the registered owner of a 44% interest in Minera Juanicipio, S.A. DE C.V. ("Minera Juanicipio"), and Fresnillo plc ("Fresnillo"), a London Stock Exchange listed company that is controlled by Industrias Peñoles, S.A. DE C.V. ("Peñoles"), holds the remaining 56% interest in Minera Juanicipio. In December 2007, Lagartos and Peñoles established Minera Juanicipio to hold and operate all mineral and surface rights related to the Juanicipio property located in Zacatecas State, Mexico. Minera Juanicipio is governed by a shareholders agreement dated October 10, 2005 (the "Shareholders Agreement"). Pursuant to the Shareholders Agreement each shareholder is to provide funding to Minera Juanicipio pro rata to its interest in Minera Juanicipio, with Fresnillo contributing 56% and MAG, through Lagartos, contributing 44% (the "Juanicipio Joint Venture"). See more detail at "Description of the Business – The Juanicipio Property" below. The registered and records office of Minera Juanicipio is located at Moliere 222- 4th Floor, Los Morales-Palmas, C.P. 11540, México, D.F.

On October 18, 2010 the Company internally restructured its Mexican property holdings. Two new Mexican subsidiaries were created, Minera Pozo Seco S.A. de C.V. ("Minera Pozo Seco") and Minera Sierra Vieja S.A. de C.V., ("Sierra Vieja"), and properties with common attributes were grouped together in order to provide the Company with more flexibility in managing its properties. The Cinco de Mayo Property was transferred to Minera Pozo Seco, and Guigui and various other properties and property option interests held at the time were transferred to Sierra Vieja. The Lagartos properties and its 44% interest in Minera Juanicipio remain in Lagartos. See Exhibit I below.

The Company, through various subsidiaries (as detailed in Exhibit 1 below), is the beneficial owner of 99.99% of the issued Class I shares of both Minera Pozo Seco and Sierra Vieja. The remaining 0.01% of the issued Class I shares of each of Minera Pozo Seco and Sierra Vieja are held by Dan MacInnis, a director of the Company. The Company effectively has 100% beneficial ownership of both Minera Pozo Seco and Sierra Vieja. The registered and records office of each is located at Paseo de Los Tamarindos No. 60, 3rd floor, Colonia Bosques de Las Lomas, 05120 Mexico, Federal District, Mexico.

Exhibit 1: Corporate structure as at December 31, 2014:



The following table lists the subsidiaries of the Company and a company in which MAG holds a significant interest, together with the jurisdiction of incorporation and the direct or indirect percentage ownership by the Company of each such subsidiary:

Name	Percentage of Ownership	Jurisdiction of Organization
Minera Los Lagartos, S.A. DE C.V.	100%(1)	Mexican Republic
Minera Juanicipio, S.A. DE C.V.	44%(2)	Mexican Republic
0890887 B.C. Ltd.	100%(3)	Canada
0891512 B.C. Ltd.	100%(3)	Canada
0892249 B.C. Ltd.	100%(3)	Canada
DSUB0890887 Cooperatief U.A.	100%(4)	Netherlands
STPF B.V.	100%(5)	Netherlands
Minera Pozo Seco S.A. DE C.V.	100%(6)	Mexico
Minera Sierra Vieja S.A. DE C.V.	100%(6)	Mexico

Notes:

(1) On October 9, 2005 the assets of Lexington Capital Group Inc., previously a subsidiary of the Company, were merged with Lagartos, so that all of the Company's interests in the Juanicipio claim were held by Lagartos.

(2) 44% interest is owned by Lagartos, which in turn is wholly owned by the Company.

(3) 0890887 B.C. Ltd., 0892249 B.C. Ltd., and 0891512 B.C. Ltd. were incorporated on September 21, 2010, September 28, 2010, and October 6, 2010, respectively and are wholly owned by the Company.

(4) DSUB0890887 Cooperatief U.A. was incorporated on October 11, 2010 in the jurisdiction of the Netherlands, and is wholly owned by 0890887 B.C. Ltd. and 0892249 B.C. Ltd.

(5) STPF B.V. was acquired by DSUB0890887 Cooperatief U.A. on October 12, 2010.

(6) Minera Pozo Seco and Sierra Vieja were incorporated in Mexico on September 27, 2010.

GENERAL DEVELOPMENT OF THE BUSINESS

MAG is a company based in Vancouver, British Columbia, Canada focused on the acquisition, exploration and development of district scale projects located in the Mexican Silver Belt. The Company's Common Shares trade on the Toronto Stock Exchange ("TSX") under the symbol MAG and on the NYSE MKT LLC (formerly NYSE.A) under the symbol MVG. The Company is a "reporting issuer" in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador and is a reporting "foreign issuer" in the United States of America.

The Company's two material properties at the date of this AIF are its 44% joint venture interest in the Juanicipio property (where underground development is ongoing) and the 100% owned Cinco de Mayo Property (which hosts the Upper Manto Ag-Au-Zn-Pb Deposit and the Pegaso discovery). The Juanicipio property is the most advanced and has been the most significant valuation factor for the Company. Although a formal production decision has not been made at Minera Juanicipio, on October 28, 2013, underground development commenced on the Juanicipio property, and has been ongoing since then, and along with exploration drilling on the property. The Company's share of Juanicipio exploration and development costs are funded primarily through its 44% interest in Minera Juanicipio, and to a lesser extent, costs are incurred directly by MAG related to direct project oversight of the ramp development, and of the field and drilling programs executed on the Juanicipio property. Exploration and drilling on Cinco de Mayo and on the Company's other properties is managed directly by MAG, through contracted service providers in Mexico (drilling companies, assay companies, etc.) as the Company has no direct employees in Mexico. All the work is overseen and supervised at industry market rates, by Cascabel and IMDEX, related companies to MAG (see "INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS" below).

Three Year History

Year Ended December 31, 2012

In September 2012, the Company closed a brokered private placement for 3,526,210 common shares of the Company at a price of C$9.40 per share for gross proceeds of $33,451,321. The intended use the net proceeds from the offering ($31,286,353) was to fund its share of the 2012 approved permitting and underground development program for Juanicipio (see "Juanicipio Property" below), for the exploration advancement of Cinco de Mayo and its other properties, and for general corporate purposes.

In 2012, costs were incurred dealing and negotiating with a dissident group of MAG shareholders which collectively held approximately 9.76% of MAG's outstanding shares at the time. The Company ultimately reached an agreement with the group on September 4, 2012 whereby MAG agreed to nominate Richard Clark and Peter Barnes for election to the board at the annual and special meeting ("Annual Meeting") of shareholders held on October 5, 2012. At the Annual Meeting, Mr. Clark and Mr. Barnes along with seven of the existing members of MAG's board were elected.

Operational highlights of 2012 include the following summary.

Juanicipio Property

During the year ended December 31, 2012, the Company independently incurred project oversight expenditures on the Juanicipio property of $879,851, and advanced an additional $3,697,760 to Minera Juanicipio with respect to its proportionate 44% share of joint venture expenditures.

Updated Preliminary Economic Assessment ("UPEA")

In June 2012, the Company announced the results of an updated Preliminary Economic Assessment undertaken by AMC Mining Consultants (Canada) Ltd. ("AMC") and a NI 43-101 technical report, entitled "Technical Report for Minera Juanicipio S.A. de C.V." documenting the economic assessment, was filed on SEDAR on July 16, 2012 ("UPEA"). The UPEA was expected to provide an important catalyst for Minera Juanicipio and open a pathway for the next step in its development, and has formed the basis for the start of the underground development (see "Year ended December 31, 2013" below). The UPEA has since been superceded and replaced by the Technical Report in respect of the Juanicipio Project dated June 12, 2014 (see below).

Underground Development Program

With the completion of the UPEA, MAG and Fresnillo had a framework on which the joint venture Technical Committee could build upon for the continued advancement of the Juanicipio Project. On August 15, 2012, the Company announced that the board of directors of Minera Juanicipio had approved an initial development budget covering mine permitting, surface preparation and the commencement of the first 2,500 metres of underground decline development. The proposed work plan is based on recommendations provided to Minera Juanicipio in the UPEA. (and those recommendations are also contained in the June 12, 2014 Technical Report which subsequently superceded the UPEA and is described in detail below).

The development program is being managed by Fresnillo as operators of the Joint Venture. See "Risks Related to the Development of the Juanicipio Project" below.

Cinco de Mayo Property

During the year ended December 31, 2012, the Company incurred exploration and evaluation expenditures at the Cinco de Mayo Property in connection with approximately 33 thousand metres of drilling in 54 holes. Overall, the 2012 drilling demonstrated that mineralization is continuous from the Jose Manto through the Bridge Zone to Cinco Ridge, which is now collectively referred to as the "Upper Manto" to differentiate it from mineralization hit at depth in the "Pegaso Zone."

Hole CM12-431: The Pegaso Zone

In mid-June 2012, exploration hole CM12-431 drilled deep beneath the overlap zone between the Bridge Zone and the Jose Manto, cut four significant sulphide intervals within a 300 metre wide skarn and marble zone. The largest and deepest interval was 61 metres of high-grade massive sulphides that lies behind (to the southwest of) the structures that host the Upper Manto mineralization. This is an entirely new mineralization zone named the "Pegaso Zone," which shows all of the hallmarks of being a near-source part of the Carbonate Replacement Deposit ("CRD") system that MAG has been systematically seeking at Cinco de Mayo. The Company believes that the mineralization in the upper intercepts of hole CM12-431 may connect to the high-grade silver-lead-zinc mineralization in the 4 kilometre long Upper Manto, indicating that continuous mineralization exists from 125 to 900 metres vertical depth.

Upper Manto Inferred Mineral Resource

In October 2012, the Company announced that Roscoe Postle Associates ("RPA") completed the first independent Mineral Resource estimate for the Upper Manto (Bridge Zone/Jose Manto). Inferred Mineral Resources are estimated to be 12.45 million tonnes at 132 g/t (3.9 opt) silver, 0.24 g/t gold, 2.86% lead and 6.47% zinc (9.33% lead plus zinc). An economic cut-off grade set at a net smelter return ("NSR") of US$100 per tonne was applied as the base case for this initial resource estimate. The NI 43-101 Technical Report, entitled "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico" was filed on SEDAR on November 16, 2012.

Overall, the near-surface Upper Manto mineralization appears higher in silver and lead than the deeper Pegaso Zone mineralization which is richer in zinc, copper and gold. The combined vertical metals and alteration zoning and broadening of mineralization is typical in CRD systems worldwide and strongly indicates that the source intrusion is being approached. The overall strength and style of mineralization and alteration further indicate that this source zone may be very large. The strongest mineralization has been found within the overlap zone between the fault slices that host the shallow Jose Manto and the Bridge Zone, suggesting that this structurally complex zone acted as a major conduit for mineralizing fluids and perhaps intrusive emplacement. The degree of mineralization seen so far indicates that the source intrusion could be surrounded by very large-scale mineralization.

"Soil Use Change Permit" and surface access

As of May, 2012, exploration drilling permits in Mexico require a "Soil Use Change Permit," reflecting conversion of land from agricultural to industrial use. These permits incorporate verification of mining concession title, compliance with environmental norms, and surface access permissions. During the latter part of 2012, the Company was in the process of negotiating ordinary course surface access permissions with the Ejido Benito Juarez (the "Ejido") as the final component in the application for the necessary Soil Use Change Permits. The Company had previously purchased 41 specific rights relating to relevant areas of the Cinco de Mayo project area from the Ejido members, who along with the Federal Agrarian Authority had ratified the purchase. The Company was awaiting formal title transfer of the surface rights, when certain members of the Ejido challenged the purchase, claiming the 41 rights purchased represented a 41/421 undivided interest in the Ejido owned surface rights , rather than rights to exclusive areas of the property.

The Company had anticipated obtaining the requisite access permission and final permit approval early in 2013. However, on November 17, 2012 at what the Company believes was an illegally constituted meeting, the Ejido voted to expel MAG from its Cinco de Mayo Property and establish a 100 year mining moratorium over Northern Chihuahua. The Company noted that it has been advised by its Mexican legal advisors that the Ejido Assembly has no ability in law to impose a ban on mining. Several Ejido members challenged the meeting on the grounds that proper notice was not given, key signatures required to properly call the meeting were fraudulent, and that the vote taken at the meeting was fraught with irregularities, including a significant number of votes being cast by unverified proxies. A court hearing was scheduled for the first quarter of 2013. MAG expected that the meeting and the illegal resolutions would be nullified, at which time, the Company planned to ask government officials to oversee a new assembly meeting of the Ejido to ensure that the necessary procedural and governance rules would be respected and the vote properly conducted.

Permission of the Ejido assembly is required to obtain surface access, and although there is no certainty that a new vote would produce a favourable outcome for the Company, MAG believes that the opposition group and its supporters do not represent the will of the majority of the 421 voting members of the Ejido (or of the 12,000 other citizens in the project area).

Year Ended December 31, 2013

The Company's exploration and evaluation activity on its own 100% owned properties was minimal in the year ended December 31, 2013. Since April 2013 there has been significant volatility and a negative trend in the market prices for silver, gold and various base metals. In addition, poor market conditions have recently prevailed, making equity funding for exploration projects challenging. Given these prevailing market conditions and the desire to preserve cash for core projects, management determined that some of the Company's non-core assets should be abandoned and written off. In the year ended December 31, 2013, the Lagartos Properties, specifically the "Lagartos NW," "Largartos SE" and "Lagartos V" claims were written off, along with the 100% owned Lorena and Nuevo Mundo claims and their respective concessions were either not renewed in the year or will not be renewed going forward. The Mojina property was also considered impaired, and the option earn in agreement was terminated and its associated exploration and evaluation costs were written off.

During the year ended December 31, 2013, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil") whereby the Company can earn up to a 70% interest in Canasil's 14,719 hectare Salamandra property located in Durango State, Mexico. The Company paid C$150,000 upon signing the agreement, and to earn an initial 55% interest in the property, the Company must make additional cash payments to Canasil of C$600,000 over a period of four years, and complete C$5,500,000 in exploration expenditures over the same period, including a minimum committed first year work expenditure of C$1,000,000 and 3,000 metres of drilling. Upon earning its 55% interest, the Company may elect to earn a further 15% interest by producing either a feasibility study or spending an additional C$20,000,000 over a further four year period. A portion of the property is subject to a 2% NSR royalty, half of which may be purchased from the holder for $1,000,000.

Although Mr. Dan MacInnis will remain as an integral member of the board of directors, Mr. MacInnis announced his retirement as President and CEO of the Company, effective October 14, 2013. Mr. George Paspalas, who has held senior management positions at Silver Standard, Placer Dome, and most recently CEO of Aurizon Mines Ltd., was appointed as the successor on October 15, 2013. Mr. Paspalas brings a wealth of technical, operating and capital market experience to the Company, as it transitions itself to the next level of project development.

Juanicipio Property

Minera Juanicipio began the development permitting process in the fall of 2012 with the expectation of commencing the underground decline development in the first half of 2013. However, due to development permitting delays resulting from the recent Mexican government changeover, the start of the decline development was unavoidably delayed. On October 28, 2013, Minera Juanicipio commenced the underground development at the Juanicipio project. The initiation of underground work followed a year of engineering, hydrological and environmental studies in support of required permits. With the portal area preparation complete, a continuous miner started excavating the uppermost part of the access decline ramp.

Infill drilling - Valdecañas Vein

The Minera Juanicipio development budget proposed infill drilling on a maximum of 75 metre centres along the Valdecañas Vein, designed to convert inferred mineral resources to indicated mineral resources. To December 31, 2013, a total 40 infill holes had been completed by Minera Juanicipio, with 6 holes left in the infill drill program to be completed in 2014. The results were as expected showing the typical metal zoning of Fresnillo-style veins in the district.

2013 Exploration Program

The 2013 exploration budget for Minera Juanicipio included 13,033 metres of drilling to explore for additional veins and to delineate the high grade ore shoot emerging on the Juanicipio Vein. However, permitting for some of the areas where exploration drilling was planned took longer than expected and the majority of drilling in 2013 was ultimately concentrated on infill drilling on the Valdecañas Vein (see above). Infill drilling designed to convert inferred mineral resources to indicated mineral resources, is part of the development budget , and is excluded from the 2013 exploration budget.

Cinco de Mayo Property

No drilling or active exploration was undertaken on the Company's 100% owned Cinco de Mayo Project in 2013. The Company has been in the process of negotiating a renewed surface access agreement with the local Ejido, since it was asked to vacate the property in November 2012 at what the Company maintains was an illegally constituted Ejido Assembly (see "Soil Use Change Permit" and surface access above in "Year Ended December 31, 2012"). In the year ended December 31, 2013, the principal focus of work has been in preparation for these negotiations and has included meetings with Chihuahua State, Municipal, and Mexican Federal authorities and Community Public Relations and legal advisors in Mexico. This process was protracted due to the political transition period as the new party and Presidency assumed operation of the Mexican government in December 2012, coupled with Municipal elections held in July 2013.

Various Ejido members legally challenged the November 2012 Assembly meeting, on the grounds that proper notice was not given, key signatures required to properly call the meeting were fraudulent, and that the vote taken at the meeting was fraught with irregularities, including a significant number of votes being cast by unverified proxies. A court hearing was held on February 6, 2013 in Chihuahua where the ejiditarios calling for the meeting to be declared illegal presented their evidence. The opponents who had organized the illegal meeting failed to appear in court on time and their testimony was dismissed by the judge. The judge ordered the Ejido administration to provide original documents for the meeting, which they failed to provide, so the judge declared their participation ended. As a result of back log of rulings, the judge's formal ruling had still not been rendered as at year end, but was issued in February 2014 (see "Year Ended December 31, 2014" below).

Year Ended December 31, 2014

On July 16, 2014, the Company closed a bought deal public financing and issued 7,712,000 common shares, including 392,000 commons shares issued on partial exercise of the over-allotment option, at C$10.25 per share, for gross proceeds of $73,376,306 (C$79,048,000). On August 18, 2014, the underwriters exercised the balance of the over-allotment in full and issued an additional 706,000 shares at C$10.25 for additional gross proceeds of $6,640,819 (C$7,236,500) bringing total gross proceeds to $80,017,125 (C$86,284,500). As the net proceeds to the Company (C$80,974,635) were received in Canadian dollars, and as the Company funds the majority of its operations in US dollars, 95% of the net proceeds were immediately (upon closings) converted to US$, at a US$/C$ exchange rate of 0.9273. As outlined in the offering documents, the majority of the funds raised are designated for the Juanicipio project, with the balance for working capital and general corporate purposes. As at December 31, 2014, the Company had working capital of $87,033,742 including cash of $86,280,385.

Operational highlights of 2014 include the following summary.

Juanicipio Property

For the year ended December 31, 2014, the Company's total combined expenditures on the Juanicipio property amounted to $4,738,177, and included $4,378,000 for its 44% share of cash advances, and a further $360,177 expended directly by the Company on project oversight and on an updated independent resource estimate.

On May 27, 2014 the Company announced an updated independent Mineral Resource estimate for the Juanicipio Property completed by RPA. The updated estimate reflects the results of 40 infill holes drilled in 2012 and 2013, and is based on drill results available as of December 31, 2013. The new estimate demonstrates a conversion of previously classified Inferred Resources into the Indicated category and reports a deep lower grade resource separately. An amended and restated NI 43-101 technical report documenting the updated Mineral Resource estimate and including enhanced cautionary language was filed on SEDAR on July 3, 2014 (the "Technical Report") – see "Mineral Projects" section below.

As part of the Technical Report, RPA reviewed the 2012 UPEA carried out by AMC Mining Consultants (Canada) Ltd. and believes that it remains a reasonable representation of the property's economic potential. The results of the 2012 UPEA are included in the Technical Report.

The economic analysis in the Technical Report is preliminary in nature and is based, in part, on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

The underground work to the end of 2014 has included mine permitting, surface preparation, the commencement of the first 2,500 metres of underground decline development, and infill drilling on the Valdecañas Vein. The majority of the infill drilling was completed in 2013, with the results to December 31, 2013 included in the updated Mineral Resource estimate above. In 2014, the initial ramp decline was advanced primarily utilizing a continuous miner until March 2014, when the contractor hired by Fresnillo to construct the ramp decline on behalf of Minera Juanicipio, received its full explosives permit from the Mexican Ministry of Defense. The development of the ramp decline then advanced from March to December, 2014, with conventional drill and blast cycles as well as with the continuous miner, depending on ground conditions. The continuous miner was retired in mid-December, 2014 and the ramp is now advancing exclusively with drilling and blasting. Late in 2014, based on actual conditions and geotechnical drill holes, it appears that the near-surface zone of variable rock quality has been passed and that the expected better rock quality zone has now been reached.

Cinco de Mayo Property

No drilling was undertaken on the Cinco de Mayo property in 2014 as the Company remains in the process of negotiating a renewed surface access agreement with the local Ejido, since it was asked to vacate the property in November 2012 at what the Company maintains was an illegally constituted Ejido Assembly (see ""Soil Use Change Permit" and surface access" above in the Year Ended December 31, 2012). Various Ejido members had legally challenged the Assembly meeting on the grounds that proper notice was not given, key signatures required to properly call the meeting were fraudulent, and that the vote taken at the meeting was fraught with irregularities, including a significant number of votes being cast by unverified proxies. MAG had expected that the Assembly and the resolutions passed would be nullified by the Fifth Unified Agrarian Tribunal ("the Tribunal"), but the Company was notified during the first quarter of 2014 that the Tribunal had rejected the Ejido challenge. The ruling was made on narrow technical grounds and did not speak to the merits of the actions of the Assembly. The Tribunal did note that a new vote of a majority of Ejido members can revoke the actions of the challenged Assembly at any time. The Company has been advised that an appeal of the ruling, based on failure of the Tribunal to consider broader requirements of the Agrarian Law, was promptly filed with the Mexican Supreme Court by the same Ejido members. It was expected that the appeal would have been considered by Courts in the latter half of 2014, but to date it has not, nor has a date for a hearing been set. The Company has no input or involvement in the appeal process, as it is Ejido members who have filed the appeal.

In the year ended December 31, 2014, the principal focus of work on the Cinco de Mayo property has been in preparation for and related to negotiations with the local Ejido which has included meetings with State and Federal authorities, several legal advisors, and Community Relations advisors in Mexico.

While no assurances can be given, MAG is continuing the negotiation process with the intent of arriving at a settlement agreement that would be fully supported at a properly constituted Assembly. Although there is no certainty that a new vote would produce a favourable outcome for the Company, MAG believes that the opposition group and its supporters do not represent the will of the majority of the 421 voting members of the Ejido (or of the 12,000 other citizens in the project area).

MAG believes that the access issue will be overcome, and that the requisite authorizations to complete its submission for the Soil use Change Permit will be obtained in due course. However, the overall timeline to successful resolution is not determinable at this time, and will depend upon various factors including but not limited to: the ability of the Company to arrive at a settlement agreement that would be fully supported by the majority of the Ejido; and, the ability of the Ejido to conduct a properly constituted Assembly meeting, with quorum, and favourable outcome.

Current Fiscal Year (Subsequent to December 31, 2014)

MAG continues to work with Fresnillo to progress the Juanicipio Property in accordance with the recommendations of the 2012 UPEA/2014 Technical Report, and the Company continues the negotiation process with the local Ejido to renew its surface rights access on the Cinco de Mayo Property.

Juanicipio Property

Along with some detailed engineering work, the ramp advancement and the associated underground mine infrastructure, continues to be the primary development activity ongoing at Juanicipio. The ramp is now advancing exclusively with drilling and blasting, and it appears that the near-surface zone of variable rock quality has been passed and that the expected better rock quality zone has now been reached. As a result, the ramp decline development has seen a sustained improvement in the advance rate, and subsequent to the year end, the 1 kilometre ramp advancement milestone was passed.

In addition to the Juanicipio underground development, exploration work continues by Minera Juanicipio to seek new veins and trace structures and veins in neighbouring parts of the district onto the Minera Juanicipio joint venture ground. Exploration targets for 2015 were identified at an onsite exploration day in December attended by exploration teams from both MAG and Fresnillo.

Subsequent to the year end on January 8, 2015, the Company advanced $2.2 million to Minera Juanicipio, representing its 44% share of a $4.9 million cash call for expenditures through April 2015. Currently one drill rig is on site and additional rigs will be used for exploration drilling once a series of holes being drilled for bulk metallurgical samples are completed.

Cinco de Mayo Property

No drilling or active exploration is being carried out on the Cinco de Mayo Project as the Company continues the process of negotiating a renewed surface access agreement with the local Ejido. The Company remains willing to work with the Ejido and the greater community to define a comprehensive Corporate Social Responsibility Program (“CSR”) to coincide with the next phases of our exploration activity. MAG’s goal is to continue its working relationship and ensure the Ejido and the greater community benefit from the expected successes and growth at Cinco de Mayo.

The overall timeline to successful resolution and renewed surface access is not determinable at this time, and will depend upon various factors including but not limited to: the ability of the Company to arrive at a settlement agreement that would be fully supported by the majority of the Ejido; and, the ability of the Ejido to conduct a properly constituted Assembly meeting, with quorum, and favourable outcome.

For more information on the Company’s progress and intentions for its material properties please refer to the “Mineral Projects” section below.

DESCRIPTION OF THE BUSINESS

General

The Company is in the mineral acquisition, exploration and development business. The Company is in the exploration and development stage and there is no assurance that a commercially viable mineral deposit exists on any of our properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility of any of the Company's properties is determined. Even if the Company completes its exploration program and is successful in identifying a mineral deposit, it will have to spend substantial funds on further drilling and engineering studies before it will know if it has a commercially viable mineral deposit or reserve.

Principal Markets

The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador and is a reporting "foreign issuer" in the United States of America.

The Company's Common Shares were listed and posted for trading on the TSX Venture Exchange (formerly CDNX) on April 19, 2000 under the symbol "MGA". Concurrent with the Company's name change to MAG Silver Corp. on April 22, 2003, the trading symbol was changed to "MAG". On July 9, 2007, the Company's Common Shares were listed on the American Stock Exchange (now the NYSE MKT LLC) under the symbol "MVG". On October 5, 2007, the Company delisted from the TSX Venture Exchange concurrent with its listing on the TSX, with the Company's Common Shares continuing to trade under the symbol "MAG".

Adjacent Property Disclosure

The staff of the United States Securities and Exchange Commission (the "SEC") take the position that mining and mineral exploration companies, in their filings with the SEC, should describe only those mineral deposits that the companies themselves can economically and legally extract or produce. This AIF contains information regarding adjacent properties on which we have no right to explore or mine, and is considered by management to be of material importance to the Company and its land holdings in the area. Investors are cautioned that mineral deposits on adjacent properties do not necessarily indicate and certainly do not prove the existence, nature or extent of mineral deposits on our properties.

Cautionary Note to Investors Concerning Estimates of Mineral Resources

This AIF uses the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". MAG advises investors that although these terms comply with Canadian reporting standards under NI 43-101, the SEC does not recognize these terms and U.S. companies are generally not permitted to disclose resources in documents that they file with the SEC. Furthermore, disclosure of "contained ounces" is permitted under Canadian regulations; however, the SEC permits issuers to report mineralization that does not constitute "reserves" by SEC standards only as in place tonnage and grade without reference to unit measures.

Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral resources and, accordingly, may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Economic Assessment as defined under NI 43-101. Investors are cautioned not to assume that part or all of an Inferred Mineral Resource exists, or is economically or legally mineable indicated and inferred mineral resources that are not mineral resources do not have demonstrated economic viability.

Technical Information

Unless otherwise indicated, scientific or technical information in this AIF is based on information prepared by employees of MAG or its joint venture partners, as applicable, under the supervision of, or that has been reviewed and approved by, Dr. Peter Megaw, Ph.D., C.P.G., who is a "Qualified Person" as defined in NI 43-101. A "Qualified Person" means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project, and is a member in good standing of a professional association.

Passive Foreign Investment Company

The Company believes it is a Passive Foreign Investment Company ("PFIC"), as that term is defined in Section 1297 of the Internal Revenue Code of 1986, as amended, and believes it will be a PFIC for the foreseeable future. Consequently, this classification may result in adverse tax consequences for U.S. holders of the Company's Common Shares. For an explanation of these effects on taxation, U.S. shareholders and prospective U.S. holders of the Company's Common Shares are encouraged to consult their own tax advisers.

Employees

The Company's business is administered from its head office in Vancouver, British Columbia, Canada. As of December 31, 2014, the Company had eight full time employees (excluding directors), and no part time employees.

Specialized Skill and Knowledge

Many aspects of MAG's business require specialized skill and knowledge. Such skills and knowledge include the areas of geology, engineering, accounting and mine planning. MAG has found that it has been able to locate and retain such employees when needed.

Competitive Conditions

Competition in the mineral exploration and production industry is intense. The Company competes with a number of large, established mining companies with greater financial resources and technical facilities, for the acquisition and development of mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants and the equipment required to continue the Company's exploration activities.

Economic Dependence

The Juanicipio property, in which the Company owns a 44% joint venture interest, is considered one of the two material properties of the Company, and of all of the Company's properties, the Juanicipio property is the most advanced and has been the most important valuation factor for the Company. The Company's interest in the Juanicipio property is held through its indirect 44% ownership of Minera Juanicipio, and is governed by the terms of the Shareholders Agreement with Fresnillo.

The terms of the Shareholders Agreement governing the operation of Minera Juanicipio provide effective control to Fresnillo over many of the activities of Minera Juanicipio, as Fresnillo holds a majority (56%) of the shares of Minera Juanicipio. While a limited number of decisions of the shareholders or the directors of Minera Juanicipio require a special majority of 60%, and in one instance 75%, giving the Company an effective veto over any such decisions, the Company is a minority shareholder of Minera Juanicipio and is dependent on Fresnillo to manage the affairs of Minera Juanicipio in compliance with the Shareholders Agreement, the Articles of Minera Juanicipio and applicable law. The Shareholders Agreement also calls for adjustments to the interests of the shareholders in Minera Juanicipio where either shareholder fails to fund cash calls within certain specified periods. If the Company fails to fund cash calls, it risks having its interest reduced, may lose its effective veto power over certain decisions and ultimately could have its interest in Minera Juanicipio diluted entirely.

Please consult the Company's public filings at www.sedar.com and www.sec.gov for further, more detailed information concerning these matters.

CARRYING ON BUSINESS IN MEXICO

The Company's property interests are located in Mexico. A summary of the regulatory regime material to the business and affairs of the Company is provided below.

Mining Regulations

The exploration and exploitation of minerals in Mexico may be carried out by Mexican citizens or Mexican companies incorporated under Mexican law by means of obtaining concessions (currently covering exploration and exploitation). Concessions are granted by the Mexican federal government for a period of fifty years from the date of their recording in the Public Registry of Mining. The term of mining concessions previously issued by the Mexican federal government (for exploration and/or exploitation) was automatically extended by the enactment of the 2006 amendments to the Mexican Mining Law. Likewise, due to such amendments, the holders of mining concessions for exploration were automatically authorized to carry out not only exploration work, but also exploitation works.

Holders of concessions may, within the five years prior to the expiration of such concessions, apply for their renewal for the same period of time. Failure to apply prior to the expiration of the term of the concession will result in termination of the concession. Concessions are subject to annual work requirements and payment of mining duties which are assessed and levied on a semi-annual basis. Such concessions may be transferred or assigned by their holders, but such transfers or assignments must comply with the requirements established by the Mexican Mining Law and be registered before the Public Registry of Mining in order to be valid against third parties.

Although the Law of Foreign Investment provides that mineral concessions may also be obtained by foreign citizens or foreign corporations, the Mexican Mining Law provides that such concessions may only be granted to Mexican citizens or Mexican corporations. Thus, foreign citizens or corporations may only obtain mineral concessions through the establishment of a subsidiary in Mexico. Foreign investment in Mexican companies must comply with certain requirements set forth in the Law of Foreign Investment.

The Mexican Mining Law does not require payment of finder's fees or royalties to the Government, except for: i) a mining royalty fee of 7.5% and the 0.5% extraordinary governmental fee on precious metals, (see below "Income Tax – New Tax Regime Effective January 1, 2014); and ii) a discovery premium or economic consideration in connection with claims or allotments contracted directly from the Mexican Geological Service that have been awarded pursuant to a public bid process. None of the property interests held by Lagartos, Minera Pozo Seco or Sierra Vieja are under such fee regimes at the present time. However, holders of mining concessions are required to pay mining concession fees which are assessed and levied on a semi-annual basis, and that increase over time the longer the concessions are held.

Foreign Investment Regulation

Foreign investment regulation in Mexico is primarily governed by the Law of Foreign Investment and its Regulations. Foreign investment of up to 100% in Mexican mining companies is freely permitted. Companies with foreign investment in their capital stock must be registered with the National Registry of Foreign Investment which is maintained by the Ministry of Economy, and file certain reports and notices, including an annual report with respect to the operations carried out during the preceding fiscal year which is necessary in order to renew their certificate of recordation with such Registry.

Environmental Regulations

Mexico has federal, state and municipal laws and regulations relating to the protection of the environment and natural resources ("Environmental Laws"), including laws and regulations concerning water pollution, air pollution, noise pollution, hazardous substances and forest protection. The main federal Environmental Law in Mexico is the Ley General del Equilibrio Ecológico y la Protección al Ambiente (the "General Law of Ecological Balance and Environmental Protection" or the "General Law"), pursuant to which general environmental rules and policies have been promulgated addressing air pollution, hazardous substances and environmental impact among various others.

Another federal law particularly relevant for the mining sector is the Ley General para la Gestión Integral de los Residuos (the "General Law for Integrated Waste Management") and its regulations the Reglamento de la Ley General para la Prevención y Gestión Integral de los Residuos (the "Regulations to the General Law for Integrated Waste Prevention and Management"), which regulate the generation, handling, transportation, storage and final disposal of hazardous waste, as well as the import and export of hazardous materials and hazardous wastes, and assign liability for ownership and possession of contaminated sites and for contaminating activities. The Ley General de Desarrollo Forestal Sustentable and its regulations (the "Forestry Protection Laws") are also relevant, as they address reforestation obligations and compensation measures on projects which may have a deforestation impact, which may include mining projects.

On June 7, 2013, the Ley Federal de Responsabilidad Ambiental (Federal Law of Environmental Liability) was enacted, under which any person or entity that directly or indirectly (for action or omission) causes damage to the environment, will be held liable and obliged to: i) repair the damage, or in the event that such repair is not possible; ii) pay compensatory damages, subject to a corresponding judicial, administrative or criminal proceeding.

Applicable Environmental Laws contemplate the creation and regulation of Natural Protected Areas (Areas Naturales Protegidas) which along with Ecological Ordinance Programs (Programas de Ordenamiento Ecológico) constitute two of the main instruments that will regulate the use of land in the areas within their jurisdiction, including restrictions on certain activities and sectors, such as the mining sector.

In addition, there are a series of "Mexican Official Norms" which are technical standards issued by competent regulatory authorities, pursuant to the Ley General de Metrología y Normalización and to other laws that include the aforementioned Environmental Laws, which establish standards relating to air emissions, waste water discharges, the generation, handling and disposal of hazardous wastes (including specific Mexican Official Norms for the handling of mining tailings, which are considered mining hazardous wastes) and noise control, among others. There are Mexican Official Norms regarding soil contamination (mainly with total petroleum hydrocarbons and heavy metals) and waste management (the "Ecological Standards"). Of particular importance to the mining sector are Mexican Official Norms NOM-120-SEMARNAT-2011 regulating environmental protection of mining activities in certain zones, and NOM-141-SEMARNAT-2003 which addresses certain aspects of tailings (jales de minería) from mining activities, among other Ecological Standards applicable to mining activities.

The Secretaría de Medio Ambiente y Recursos Naturales (the "Ministry of the Environment and Natural Resources" or "SEMARNAT", for its initials in Spanish) is the federal agency in charge of establishing and overseeing environmental regulation at the federal level, including the General Law and federal statutes and the Environmental Laws, as well as the Ecological Standards. On enforcement matters the SEMARNAT acts mainly through the "Procuraduría Federal de Protección al Ambiente" (the "Federal Bureau of Environmental Protection" or "PROFEPA", for its initials in Spanish) and in certain cases through other governmental entities under its control, such as the Comisión Nacional del Agua (or National Water Commission).

Environmental Laws also regulate environmental protection in the mining industry in Mexico. In order to comply with these laws, a series of permits, licenses and authorizations must be obtained by a concession holder during the exploration and exploitation stages of a mining project. Generally, these permits and authorizations are issued on a timely basis after the completion of an application and the fulfillment of the necessary requirements by a concession holder. Additionally, periodic reporting of hazardous wastes and federal air emissions and federal waste water discharges to Federal authorities is required under the Environmental Laws. To the best of the Company's knowledge, all of the Company's property interests are currently in compliance with the Environmental Laws.

In the exploration stage, the cost of complying with such Environmental Laws is included in the exploration budget. Until such time as the Company conducts larger more invasive procedures, such as trenching or bulk sampling, there is only nominal cost associated with compliance with the Environmental Laws. The Company's programs are not yet sufficiently advanced to allow an estimate of the future cost of such environmental compliance.

Currency

The official monetary unit of Mexico is the Mexican peso. The currency exchange rate freely floats and the country has no currency exchange restrictions. Nevertheless, following the devaluation of the Mexican peso in December, 1994, uncertainties continue with respect to the financial situation of Mexico. See "Description of the Business - Risk Factors", specifically those risk factors dealing with currency fluctuation and inflation.

The following table presents a five-year history of the average annual exchange rates to convert one United States dollar into Mexican pesos, calculated by using the average of the exchange rates on the last day of each month during the given year.

Year	Average Exchange Rate (Mxn peso/US$)
2014	13.3609
2013	12.8411
2012	13.1657
2011	12.4804
2010	12.6555

Value Added Tax ("VAT") also known as "IVA"

In Mexico, VAT is charged on the sale of goods, rendering of services, lease of goods and importation of goods and services at a rate of 16% percent. Exports and other specified items may be subject to a 0% rate. Proprietors selling goods or services must collect VAT on behalf of the government. Goods or services purchased incur a credit for VAT paid. The resulting net VAT is then remitted to, or collected from, the Government of Mexico through a formalized filing process. The Company has traditionally held a VAT receivable balance due to the expenditures it incurs whereby VAT is paid to the vendor or service provider. Collections of these receivables from the Government of Mexico often take months and sometimes years to recover.

Income Tax – New Tax Regime Effective January 1, 2014

The Mexican Senate approved Tax Reform changes in Mexico that became effective January 1, 2014, that in part, adversely affect operating mining companies in Mexico. The changes affecting the Mexican mining industry include: the elimination of a planned reduction in the corporate tax rate from 30% to 28% by 2015 (corporate tax rate will remain 30% indefinitely); a mining royalty fee of 7.5% on income before tax, depreciation, and interest; an extraordinary governmental fee on precious metals, including gold and silver, of 0.5% of gross revenues; and, changes affecting the timing of various expense deductions for tax purposes. Should the tax reform changes remain in place once Minera Juanicipio or any of the Company's other properties are in production, it will be subjected to this tax regime. However, various industry lobbying and challenges are expected over the next several years, and possible tax planning opportunities may exist to reduce the impact of the tax changes. Managements' initial assessment of the tax reform changes is that they will not have an impact on the viability of the Juanicipio project.

Under the new tax regime, mining concession holders that fail to develop mining works in accordance with the Mining Law, during a consecutive two year period within the first eleven years of the term of the concession, will pay on a semi-annual basis an additional mining fee equivalent to 50% to the maximum current mining duty. If the failure to carry out works remains unchanged, starting on the twelfth year, the additional fee will be doubled.

An additional component of the Mexican tax reform also includes a 10% dividend tax, to be withheld on all dividends paid to foreign residents of Mexico. With the existing Canadian-Mexico tax treaties, this dividend tax rate will be reduced to 5%. Prior to the tax reform, there was no dividend withholding tax on dividends paid from Mexico to Canadian corporations out of tax paid earnings.

Other general tax amendments are referred to in the "Mexican Foreign Investment and Income Tax Laws apply to the Company" Section.

RISK FACTORS

The exploration, development and mining of natural resources are highly speculative in nature and are subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly, along with a possible significant decline in the value and/or share price of the Company's publicly traded stock.

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company. Without limiting the foregoing, the following risk factors should be given special consideration when evaluating an investment in the Company's securities.

Risks Relating to the Company's Business Operations

Mineral exploration and development is a highly speculative business and most exploration projects do not result in the discovery of commercially mineable deposits.

Exploration for minerals is a highly speculative venture necessarily involving substantial risk. The expenditures made by the Company described herein may not result in discoveries of commercial quantities of minerals. The failure to find an economic mineral deposit on any of the Company's exploration concessions will have a negative effect on the Company.

None of the properties in which the Company has an interest has any mineral reserves.

Currently, there are no mineral reserves (within the meaning of NI 43-101) on any of the properties in which the Company has an interest. Only those mineral deposits that the Company can economically and legally extract or produce, based on a comprehensive evaluation of cost, grade, recovery and other factors, are considered mineral reserves. The resource estimates contained in the Technical Report are indicated and inferred resource estimates only and no assurance can be given that any particular level of recovery of silver or other minerals from mineralized material will in fact be realized or that an identified mineralized deposit will ever qualify as a commercially mineable (or viable) reserve. In particular, inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. Further, the economic assessment contained in the Technical Report is preliminary in nature, and actual capital costs, operating costs, production, economic returns and other estimates contained in studies or estimates prepared by or for the Company may differ from those described therein and herein, and there can be no assurance that actual costs will not be higher than anticipated. Substantial additional work, including mine design and mining schedules, metallurgical flow sheets and process plant designs, would be required in order to determine if any economic deposits exist on the Company's properties. Substantial expenditures would be required to establish mineral reserves through drilling and metallurgical and other testing techniques. The costs, timing and complexities of upgrading the mineralized material to proven or probable reserves may be greater than the Company reserves on a mineral property will require the Company to write-off the costs capitalized for that property in its financial statements. The Company cannot provide any assurance that future feasibility studies will establish mineral reserves at its properties. The failure to establish mineral reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

The properties in which the Company has an interest are primarily in the exploration stage, and most exploration projects do not result in commercially mineable deposits.

Other than the Juanicipio Project where development has commenced, all of the Company's property interests are at the exploration stage. None of the Company's properties have known commercial quantities of minerals. Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic. Further exploration or delineation will be required before a final evaluation as to the economic and legal feasibility of any of the Company's properties is determined. Even if the Company completes its exploration programs and is successful in identifying mineral deposits, it will have to spend substantial funds on further drilling and engineering studies before it will know if it has a commercially viable mineral deposit or reserve. Most exploration projects do not result in the discovery of commercially mineable deposits of ores.

Estimates of reserves and resources, mineral deposits and production costs can be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. As a result, there is a risk such estimates are inaccurate. For example, the Technical Report includes a resource estimate prepared by RPA in accordance with NI 43-101. The grade of precious and base metals ultimately discovered may differ from the indicated drilling results. If the grade of the resource was lower, there would be a negative impact on the economics of the Juanicipio Project. There can be no assurance that precious metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The probability of an individual prospect ever having reserves is extremely remote. If a property does not contain any reserves, any funds spent on exploration of that property will be lost. The failure of the Company to find an economic mineral deposit on any of its exploration concessions will have a negative effect on the Company.

Estimates of mineral resources are based on interpretation and assumptions and are inherently imprecise.

The mineral resource figures referred to in the Technical Report, this AIF and the documents incorporated herein by reference have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, any mineral resources must be considered as estimates only. Fresnillo prepares its own internal resources estimates annual in respect of the Juanicipio Project and such estimates may be materially different than those relied upon by the Company. Any such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. In addition, the grade and/or quantity of precious metals ultimately recovered may differ from that indicated by drilling results. There can be no assurance that precious and base metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The grade of the reported mineral resource estimates are uncertain in nature and it is uncertain whether further technical studies will result in an upgrade to them. Further drilling on the mineralized zones is required to complement the current bulk sample and add confidence in the continuity of mineralized zones in comparison to the current block model. Any material change in the quantity of mineralization, grade or ore to waste ratio or extended declines in market prices for silver and precious metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition.

Rights to use the surface of the Company's mineral properties are not guaranteed.

The majority of the Company's mineral properties are located in remote and relatively uninhabited areas. Some properties, like Juanicipio Project, are near towns and other habitations, but there are currently no areas of interest to the Company within its mineral concessions that are overlain by significant habitation or industrial users. However, there are potential overlapping surface usage issues in some areas. Some surface rights are owned by local communities or "Ejidos" and some surface rights are owned by private ranching or residential interests. The Company will be required to negotiate the acquisition of surface rights in those areas where it may wish to develop mining operations. Exploration activities are not typically materially impacted by competing surface rights issues, although in some areas the Company has been required or is in the process of negotiating compensation for surface rights holders in order to secure right of access. The Company's interest in a property could be adversely affected by an inability to obtain Ejido surface access permissions. In the case of the Cinco de Mayo Property some members of the local Ejido are aligned against the Company having access to the surface rights, and the Company was asked to vacate the property in November of 2012 at what the Company believes was an illegally constituted Ejido Assembly. A subsequent legal challenge to the legality of the Assembly was rejected and an appeal has been filed. Although the Company is currently in the process of negotiating surface access to the Cinco de Mayo Property with the Ejido, there is no assurance that a surface access agreement will be attained, in which case the Company's interest in the property may be permanently impaired.

There is no guarantee that licenses and permits required by the Company to conduct its business will be obtained, which may result in the Company losing its interest in the subject property.

The Company's current and anticipated future operations, including further exploration, development activities and commencement of production on the Company's properties, require permits from various national, provincial, territorial and local governmental authorities. The Company may not be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. In addition, the grant of required licenses and permits may be delayed for reasons outside the Company's control. For example, the Company has been prevented from obtaining the Soil Use Change Permit required for the Cinco de Mayo Property due to the opposition from certain members of the local Ejido described above. In addition, development permitting delays resulting from the recent Mexican government changeover delayed the start of the decline development at the Juanicipio Project. Failure to obtain such licenses and permits on a timely basis, or failure to comply with the terms of any such licenses and permits that the Company does obtain, may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration, development or mining work, which may result in increased costs, delay in activities or the Company losing its interest in the subject property.

The properties in which the Company has an interest are in Mexico.

The Company's operations are currently conducted in a foreign jurisdiction, Mexico, and, as such, the Company's operations are exposed to various levels of political, economic and other such risks and uncertainties as extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, there have recently been reports of increased political unrest, police and military enforcement action against drug cartels and a corresponding increase in violent crime in Mexico.

In the past, Mexico has been subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for the Company to obtain any required financing for its projects.

Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability in Mexico are beyond the control of the Company and may adversely affect its business.

Economic and political instability may affect the Company's business.

The volatile global economic environment has created market uncertainty and volatility in recent years. From mid-calendar 2008 until early 2009 there was a negative trend with regard to the market for metal commodities and related products as a result of global economic uncertainty, reduced confidence in financial markets, bank failures and credit availability concerns. Similar instability in the market for metal commodities has been experienced since April 2013, and continues today. These macro-economic events negatively affected the mining and minerals sectors in general, and the Company's market capitalization has been significantly reduced in periods of market instabilities. Many industries, including the mining industry, are impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to economic shocks. A slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future economic shocks may be precipitated by a number of causes, including the ongoing European debt situation, a continued rise in the price of oil and other commodities, the volatility of metal prices, geopolitical instability, terrorism, the devaluation and volatility of global stock markets and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. In such an event, the Company's operations and financial condition could be adversely impacted.

There are no assurances with respect to the relative strength and stability of future metal markets. Although the Company remains financially strong, its liquidity and long term ability to raise the capital required to execute its business plans may be affected by market volatilities.

The Company's future profitability and the viability of development depends in part upon the world market price of silver. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. The price of silver is influenced by factors including industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of silver and other metals by producers and speculators as well as other global or regional political, social or economic events. The supply of silver and other metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers, which could increase due to improved mining and production methods.

Prices and availability of commodities consumed or used in connection with exploration and development and mining, such as natural gas, diesel, oil and electricity, also fluctuate, and these fluctuations affect the costs of production at various operations. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of various projects.

The Company assesses on a quarterly basis the carrying values of its mineral properties. Based on current and expected metals prices and cost structures, management has determined that the values of the Company's material mineral properties have not been impaired at this time. Should current market conditions and commodity prices worsen and persist in a worsened state for a prolonged period of time, an impairment of the Company's mineral properties may be required.

Risks Relating to Financing the Company's Business Operations

Substantial expenditures are required for commercial operations and if financing for such expenditures is not available on acceptable terms, the Company may not be able to justify commercial operations.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, resources may not be discovered in sufficient quantities to justify commercial operations or the funds required for development may not be obtained at all or on terms acceptable to the Company.

The Company's expenditures are currently funded from its cash balances, which are the proceeds of previous equity financings. The Company will require significant additional capital in the future to meet its project-related expenditures, as it is unlikely that the Company will generate sufficient operating cash flow to meet all of its future expenditure requirements.

The Company has a history of losses and values attributed to the Company's assets may not be realizable.

The Company has a history of losses and has no revenues from operations. None of the Company's properties is currently in production, and there is no certainty that the Company will succeed in placing any of its properties into production in the near future, if at all. The Company has no proven history of performance, revenues, earnings or success. The amounts attributed to the Company's exploration concessions in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value with certainty. The Company anticipates continued losses for the foreseeable future until it can successfully place one or more of its properties into commercial production on a profitable basis. It could be years before the Company receives any revenues from any production of metals, if ever. If the Company is unable to generate significant revenues with respect to its properties, the Company will not be able to earn profits which would adversely affect its business and prospects.

The Company's future liquidity will depend upon its ability to arrange significant additional debt or equity financing.

The Company's future liquidity is dependent upon the ability of the Company to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon the Company's ability to dispose of its interests on a profitable basis. Given the Company has incurred losses from inception and does not have any operating cash flow, there can be no assurance that additional capital or financing will be available if needed or that, if available, the terms of such financings will be acceptable to the Company. If the Company raises additional funds through the sale of equity securities or securities convertible into equity securities, shareholders may have their equity interest in the Company diluted.

Adequate funding may not be available, resulting in the possible loss of the Company's interests in its properties.

Sufficient funding may not be available to the Company for further exploration and development of its property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties. If the Company becomes unable to meet its share of costs incurred under agreements to which it is a party, the Company may have its property interests subject to such agreements reduced as a result or even face termination of such agreements. The Company also has options to acquire interests in properties in Mexico and in order to obtain ownership of such properties it must make payments to the current owners and incur certain exploration expenditures on those properties. Accordingly, additional financing will be required to secure ownership of these properties. Failure of the Company to make the requisite payments in the prescribed time periods will result in the Company losing its entire interest in the subject property and the Company will no longer be able to conduct certain aspects of its business as described in this AIF.

The Company may not have sufficient funds to: (a) make the minimum expenditures to maintain its properties in good standing under Mexican law; and (b) make the minimum expenditures to earn its interest in such properties. In such event, in respect of any of the properties, the Company may seek to enter into a joint venture or sell the subject property or elect to terminate its option.

The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and additional capital may not be available when needed, if at all.

Risks Relating to the Development of the Juanicipio Project

Minera Juanicipio has not yet made a formal "Production Decision" at Juanicipio .

A feasibility study confirming the economic feasibility of the Minera Juanicipio project is contemplated as a condition precedent to the joint venture parties making a development decision. Minera Juanicipio has not completed a feasibility study on the Juanicipio Project and, accordingly, a formal "production decision" has not yet been considered by the Company and Fresnillo. The decision to commence the underground development and the access decline at the Juanicipio Project was made based on the results of the UPEA. While the approval of an initial $25.4 million development budget consistent with the recommendations of the UPEA, was unanimously approved by both shareholders of Minera Juanicipio, further development budgets have yet to be considered. Although Fresnillo has indicated in its public presentations that it expects Minera Juanicipio to be in production by 2018, there are no assurances that a formal development decision will be made or that production will be achieved by that date.

The financial results and the contemplated development timeline to production may not be consistent with the Technical Report .

Minera Juanicipio has not completed a pre-feasibility study or feasibility study on the Juanicipio Project and, accordingly, there is no estimate of mineral reserves. Rather, any decision to continue the development of the Juanicipio Project will be based upon the results of the UPEA, until, and if and when, further technical studies are completed by the Juanicipio Joint Venture.

The Technical Report includes the same preliminary economic assessment as the UPEA, but the Technical Report was commissioned independently by MAG, and not by the Juanicipio Joint Venture. The preliminary economic assessment set out in the Technical Report is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the estimates described in the Technical Report will be realized. As a result, there are additional risks in commencing and completing construction based upon the Technical Report including additional risks as to the size and grade of the resource, capital and operating costs, mineral recovery and financial viability. There is no guarantee that the construction will be completed or, if completed, that production will begin or that operating or financial results will be consistent with the Technical Report.

The Juanicipio Project capital requirements and timeline to production contemplated in the Technical Report are subject to uncertainty.

The Technical Report estimated total project capital of $302 million for the Juanicipio Project inclusive of capitalized operating costs (MAG's share is US$133 million), over 3.5 years from the start of development. Neither Minera Juanicipio, nor the Company has completed a pre-feasibility study or feasibility study on the Juanicipio Project and, accordingly, these estimates are subject uncertainty. The Technical Report is preliminary in nature and there is no certainty that the estimates described in the Technical Report will be realized. As a result, there are additional risks in commencing and completing construction based upon the Technical Report including that actual project capital costs may significantly exceed $302 million, and that the timeline to production may be longer than 3.5 years.

Risks Relating to the Company's Property Titles

The Company's mineral properties are subject to title risk and any challenge to the title to any of such properties may have a negative impact on the Company.

The Company's mineral property rights may be subject to prior unregistered agreements, transfers and claims and title may be affected by, among other things, undetected defects. Title to, and the area of, the mineral interests held by the Company may be disputed. A full investigation of legal title to the Company's property interests has not been carried out at this time. Accordingly, title to these property interests may be in doubt. Other parties may dispute title or access to the properties in which the Company has an interest. The Company's property interests may also be subject to prior unregistered agreements or transfers or land claims and title may be affected by such undetected defects. Any challenge to the title or access to any of the properties in which the Company has an interest may have a negative impact on the Company as the Company will incur delay and expenses in defending such challenge and, if the challenge is successful, the Company may lose any interest it may have in the subject property.

Title opinions provide no guarantee of title and any challenge to the title to any properties may have a negative impact on the Company.

Although the Company has or will receive title opinions for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will not be challenged or impugned. In Mexico, a title opinion does not provide absolute comfort that the holder has unconditional or absolute title. Any challenge to the title or access to any of the properties in which the Company has an interest may have a negative impact on the Company as the Company will incur expenses in defending such challenge and, if the challenge is successful, the Company may lose any interest it may have in the subject property.

Titles to the properties in which the Company has an interest that are not registered in the name of the Company may result in potential title disputes having a negative impact on the Company.

All of the agreements under which the Company may earn interests in properties have either been registered or been submitted for registration with the Mexican Public Registry of Mining, but title relating to the properties in which the Company may earn its interests may be held in the names of parties other than the Company. Any of such properties may become the subject of an agreement which conflicts with the agreement pursuant to which the Company may earn its interest, in which case the Company may incur expenses in resolving any dispute relating to its interest in such property and such a dispute could result in the delay, indefinite postponement of further exploration and development of properties or the possible loss of such properties.

Risks Related to Minority Investment in the Juanicipio Property

The Company is a minority shareholder of Minera Juanicipio and therefore may be dependent on, and subject to, the decisions of the majority shareholder.

The terms of the Shareholders Agreement governing the operation of Minera Juanicipio provide effective control to Fresnillo over many of the activities of Minera Juanicipio since it holds a majority (56%) of the shares of Minera Juanicipio. While a limited number of decisions of the shareholders or the directors of Minera Juanicipio require a special majority of 60%, and in one instance 75%, giving the Company an effective veto over any such decisions, the Company is a minority shareholder of Minera Juanicipio and is dependent on Fresnillo to manage the affairs of Minera Juanicipio and to do so in compliance with the Shareholders Agreement, the by-laws of Minera Juanicipio and applicable law.

The Shareholders Agreement calls for adjustments to the interests of the shareholders in Minera Juanicipio where either shareholder fails to fund cash calls within certain specified periods. If the Company fails to fund cash calls, it risks having its interest reduced, may lose its effective veto power over certain decisions and ultimately could be diluted out of Minera Juanicipio altogether. Fresnillo is a much larger entity with far greater access to financial resources than the Company.

The Company holds its Juanicipio Project interest through a joint venture and therefore may be adversely impacted by disputes with its joint venture partner.

The Company's interest in the Juanicipio Project is also subject to the risks normally associated with the conduct of joint ventures. The existence or occurrence of one or more of the following circumstances and events, for example, could have a material adverse impact on the Company's operations and financial condition or the viability of its interests held through joint ventures: disagreement with joint venture partners on how to conduct business efficiently; inability of joint venture partners to meet their obligations to the joint venture or third parties; or litigation arising between joint venture partners.

The joint venture in respect of the Juanicipio Project is organized through a corporation (Minera Juanicipio) that is formed under and governed by the laws of Mexico. The laws in Mexico do not provide all of the same protections that available to shareholders of corporations that are formed under the laws of Canada or the United States. Accordingly, any dispute between the Company and Fresnillo as the shareholders of Minera Juanicipio could have a materially adverse effect on the Company.

In 2010, MAG initiated arbitration proceedings with the International Court of Arbitration of the International Chamber of Commerce (the " **ICC**"), and ir May 2011, the Company announced that it had received a favourable unanimous ruling, dated April 28, 2011, of a three member arbitral panel of the International Court of Arbitration of the ICC with respect to the arbitration proceedings against its joint venture partner, Fresnillo. In its ruling, the arbitral tribunal awarded MAG $1.86 million in damages. Although this dispute between the Company and Fresnillo was ultimately determined in favour of the Company, there can be no guarantee that future disputes between the parties will not arise and lead to further litigation proceedings, the outcome of which is uncertain.

The Company has significant shareholders that may able to exert influence over the direction of the Company's business.

Based upon the Company's review of the insider reports filed with System for Electronic Disclosure by Insiders (" **SEDI**"), as at March 25, 2015, the Company believes that Fresnillo and its affiliates, Mason Hill Advisors LLC and its affiliates ("**Mason Hill**") and Black Rock, Inc. and its affiliates ("**Black Rock**"), currently hold approximately 14.1% , 10.6% and 10.0% , respectively, of the Company's Common Shares. Accordingly, Fresnillo , Mason Hill, and Black Rock, either in unison and/or individually, may have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders of the Company for approval, including mergers and any proposed sale of all or substantially all of the Company's assets. Unless full participation of shareholders takes place in such shareholder meetings, Fresnillo, Mason Hill and/or Black Rock may be able to approve on its own, or effectively prevent the approval, of any such significant corporate transactions.

Further, the significant ownership of Common Shares by Fresnillo , Mason Hill and Black Rock may affect the market price and liquidity of the Common Shares. The effect of these rights and their influence may impact the price that investors are willing to pay for Common Shares. If any of these parties sells a substantial number of Common Shares in the public market, the market price of the shares could decrease.

The presence of a dominant shareholder like Fresnillo, that has: a) made a hostile bid attempt; b) is the operator of the Juanicipio Project; and c) has substantial property holdings surrounding the Juanicipio property, may give rise to potential conflicts of interest, as Fresnillo's interests may differ from, or be adverse to, the interests of the Company's other shareholders. Without the consent and cooperation of Fresnillo, Minera Juanicipio may be prevented from entering into transactions that would be beneficial to the Company and its other shareholders.

Risks Relating to the Continued Exploration on and value of the Cinco de Mayo Project

The Company may not be able to resolve its surface access issue at the Cinco de Mayo project .

At the Cinco de Mayo Property, some members of the local Ejido are aligned against the Company having surface right access, and the Company was asked to vacate the property in November of 2012. Although the Company is currently in the process of negotiating surface access to the Cinco de Mayo Property with the Ejido, and believes the matter will be resolved, there is no assurance that a surface access agreement will be attained and the overall timeline to successful resolution, if any, is not determinable at this time, in which case the Company's interest in the property may be permanently impaired.

Further exploration and drilling can resume only upon obtaining a surface access agreement with the local Ejido.

Other Business Risks

The Company may be subject to litigation, the disposition of which could negatively affect the Company's profits to varying degrees.

All industries, including the mining industry, are subject to legal claims, with and without merit. Due to the nature of its business, the Company may, in the future, be subject to claims (including class action claims and claims from government regulatory bodies) based on allegations of negligence, breach of statutory duty, public nuisance or private nuisance or otherwise in connection with its operations or investigations relating thereto. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's operations and financial position. Results of litigation are inherently uncertain and there can be no assurances as to the final outcome. The Company's liability insurance may not fully cover such claims. See also "The Company holds interests through joint ventures and therefore may be adversely impacted by disputes with joint venture partners."

Environmental regulations are becoming more onerous to comply with, and the cost of compliance with environmental regulations and changes in such regulations may reduce the profitability of the Company's operations.

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. Failure to comply with such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and more stringent fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with environmental regulations and changes in such regulations may reduce the profitability of the Company's operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. The environmental impact assessments may impose the condition to the Company of obtaining the authorization from the indigenous communities where the mining activities are to be carried out.

Mineral exploration is a highly competitive industry.

The mineral exploration industry is intensely competitive in all of its phases and the Company must compete in all aspects of its operations with a substantial number of large established mining companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion of their operations, than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company may face equipment shortages, access restrictions and a lack of infrastructure.

The majority of the Company’s mineral properties are located in remote and relatively uninhabited areas. The Company will require adequate infrastructure, such as roads, bridges and sources of power and water, for future exploration and development activities. The lack of availability of these items on terms acceptable to the Company or the delay in availability of these items could prevent or delay exploitation or development of the Company’s properties. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and profitability. Natural resource exploration, development, processing and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration, development or extraction activities. Certain equipment may not be immediately available, or may require long lead time orders. A delay in obtaining necessary equipment could have a material adverse effect on the Company's operations and financial results.

The Company is dependent on its key personnel, some of whom may not have entered into written agreements with the Company and none of whom are insured by the Company.

The Company is dependent upon the continued availability and commitment of its key management, employees and consultants, whose contributions to immediate and future operations of the Company are of central importance. The Company relies on its President & CEO, George Paspalas, and its other officers, who have entered into written employment agreements with the Company, for the day-to-day operation of the Company, its projects and the execution of the Company's business plan. The Company has not obtained "key man" insurance for any of its management. The loss of any member of the senior management team could impair the Company's ability to execute its business plan and could therefore have a material adverse effect on the Company's business, results of operations and financial condition. The loss of George Paspalas may have a temporary negative impact on the Company until he is replaced.

The Company is dependent on Cascabel and IMDEX to oversee its operations in Mexico.

The Company is dependent upon the continued availability and commitment of Cascabel and IMDEX for the day-to-day supervision of the Company's operations in Mexico. The Company also relies heavily on Dr. Peter Megaw, a principal of Cascabel and IMDEX, for the planning, execution and assessment of the Company's exploration programs. Dr. Megaw and his team developed the geologic concepts and directed the acquisition of all the Company's projects, including the Juanicipio Project and the Cinco de Mayo Property. Dr. Megaw was a director of MAG from February 6, 2006 to June 23, 2014 and has since been appointed the Company's Chief Exploration Officer (although he is still remunerated through IMDEX). IMDEX is paid a fee for his services based on fair market rates and his submission of invoices for services rendered. The Company has not obtained "key man" insurance for Dr. Megaw. The loss of Dr. Megaw, or the services of Cascabel and IMDEX, could impair the Company's ability to execute its business plan in Mexico, and could therefore have a material adverse effect on the Company's business, results of operations and financial condition.

If the Company is unable to hire, train, deploy and manage qualified personnel in a timely manner, particularly in Mexico, its ability to manage and grow its business will be impaired.

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff, particularly in Mexico. The Company may not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

It may be particularly difficult to find or hire qualified personnel in the mining industry who are situated in Mexico, to obtain all of the necessary services or expertise in Mexico, or to conduct operations on the Company's projects at reasonable rates. If qualified personnel cannot be obtained in Mexico, the Company may need to obtain those services outside of Mexico, which will require work permits and compliance with applicable laws and could result in delays and higher costs to the Company.

Conflicts of interest may arise among the Company's directors as a result of their involvement with other natural resource companies.

Most of the Company's directors do not devote their full time to the affairs of the Company. All of the directors and some of the officers of the Company are also directors, officers and shareholders of other natural resource or public companies, and as a result they may find themselves in a position where their duty to another company conflicts with their duty to the Company. Although the Company has policies which address such potential conflicts and the *Business Corporations Act* (British Columbia), has provisions governing directors in the event of such a conflict, none of the Company's constating documents or any of its other agreements contains any provisions mandating a procedure for addressing such conflicts of interest. There is no assurance that any such conflicts will be resolved in favour of the Company. If any such conflicts are not resolved in favour of the Company, the Company may be adversely affected.

Foreign currency fluctuations and inflationary pressures may have a negative impact on the Company's financial position and results.

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position and results. Option agreements to acquire property interests in Mexico may result in option payments by the Company denominated in Mexican pesos, Canadian or US dollars over a period of years. Exploration and development programs to be conducted by the Company in Mexico will be partially funded in Mexican pesos and any appreciation in Mexican currency against the US dollar will increase the costs of carrying out operations in Mexico.

The Company has determined that its functional currency is the US dollar; however, it maintains a portion of cash balances in Canadian and Mexican pesos in order to fund expenditures in such currencies. The Company is therefore exposed to currency risks and exchange losses may be materialized on a devaluation of either the Canadian dollar or Mexican peso.

The steps taken by management to address foreign currency fluctuations may not eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations. The Company also bears the risk of incurring losses occasioned as a result of inflation in Mexico.

Mining operations generally involve a high degree of risk and potential liability and insurance coverage may not cover all potential risks associated with the Company's operations.

Unusual or unexpected formations, power outages, labour disruptions, industrial accidents, flooding, explosions, cave-ins, seismic activity, rock bursts, landslides, pollution, inclement weather, fire, mechanical equipment failure and the inability to obtain suitable or adequate machinery, equipment or labour are several of the hazards and risks involved in the conduct of exploration programs, any of which could result in personal injury or death, damage to property, environmental damage and possible legal liability for any or all damage. Safety measures implemented by the Company may not be successful in preventing or mitigating future accidents. The Company maintains insurance against risks in the operation of its business in amounts that it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage and the Company's insurance may not cover all potential risks associated with the Company's operations. There can be no assurance that any such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, such as with respect to environmental risks, coverage is not available or considered too expensive relative to the perceived risk. Losses resulting from any uninsured events may cause the Company to incur significant costs that could have a material adverse effect on the Company's operations and financial condition. In addition, from time to time the Company may be subject to governmental investigations and claims and litigation filed on behalf of persons who are harmed while at its properties or otherwise in connection with the Company's operations. To the extent that the Company is subject to personal injury or other claims or lawsuits in the future, it may not be possible to predict the ultimate outcome of these claims and lawsuits due to the nature of personal injury litigation. Similarly, if the Company is subject to governmental investigations or proceedings, the Company may incur significant penalties and fines, and enforcement actions against it could result in the closing of certain of the Company's mining operations. If claims and lawsuits or governmental investigations or proceedings are finally resolved against the Company, the Company's financial performance, financial position and results of operations could be materially adversely affected.

Mineral prices and marketability fluctuate and any decline in mineral prices may have a negative effect on the Company.

Mineral prices, including gold, silver, zinc and lead prices, have fluctuated widely in recent years. The marketability and price of any minerals that may be acquired by the Company may be affected by numerous factors beyond the control of the Company. These factors include delivery uncertainties related to the proximity of potential reserves to processing facilities and extensive government regulation relating to price, taxes, royalties, allowable production land tenure, the import and export of minerals and many other aspects of the mining business.

Declines in mineral prices may have a negative effect on the Company and on the trading value of its shares .

Risks Relating to the Regulatory Environment

The Company is subject to anti-corruption laws.

The Company is subject to anti-corruption laws under the *Canadian Corruption of Foreign Public Officials Act* , and the *U.S. Foreign Corrupt Practices Act*, which generally prohibit companies from bribing or making other prohibited payments to foreign public officials in order to obtain or retain an advantage in the course of business. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in Mexico or any other jurisdiction in which the Company may conduct business. The Company cannot ensure that its employees or other agents will not engage in such prohibited practices, for which the Company could face severe penalties, reputational damage and other consequences that could have a material adverse effect on the Company's business and financial condition. The Company has adopted a Code of Business Conduct and Ethics to promote legal and ethical business conduct by its directors, officers and employees. However, the Company cannot provide assurance that this code, or other policies or procedures that it may adopt, will be sufficient to protect against corrupt activity. In particular, the Company may not be able to prevent or detect corrupt activity by employees or third parties, such as sub-contractors or joint venture partners, for which the Company might be held responsible.

The Company may be required by human rights laws to take actions that delay the advancement of its projects.

There are various international and national laws, codes, resolutions, conventions, guidelines and other materials that relate to human rights (including rights with respect to health and safety and the environment surrounding our operations). Many of these materials impose obligations on government and companies to respect human rights. Some mandate that government consult with communities surrounding our projects regarding government actions that may affect local stakeholders, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national materials pertaining to human rights continue to evolve and be defined. One or more groups of people may oppose the Company's current and future operations or further development or new development of its projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities, and may have a negative impact on its reputation. Opposition by such groups to the Company's operations may require modification of, or preclude the operation or development of, its projects or may require the Company to enter into agreements with such groups or local governments with respect to its projects, in some cases causing considerable delays to the advancement of its projects.

Mexican Foreign Investment and Income Tax Laws apply to the Company.

Under the Foreign Investment Law of Mexico, there is presently no limitation on foreign capital participation in mining operations; however, the applicable laws may change in a way which may adversely impact the Company and its ability to repatriate profits. Under Mexican Income Tax Law, dividends paid out of "previously taxed net earnings" are not subject to Mexican corporate taxes. Otherwise, dividends are subject to the Mexican income tax at the corporate level, which presently is 30% over a gross up basis (amount of the dividend times 1.4286), payable by the Mexican company as an advance of its annual income tax. As of January 1, 2014, there is a new withholding tax on dividends paid by a Mexican company to Mexican individuals and non-Mexican shareholders of 10%. This withholding tax rate may be reduced under the applicable Tax Treaties to Avoid Double Taxation entered by Mexico.

Corporations with their tax residence in Mexico are taxed on their worldwide income, which include all profits from operations, income from investments not relating to the regular business of the corporation and capital gains. The current corporate income tax rate in Mexico is 30%. As of January 1, 2014, a mining royalty fee is in effect in Mexico of 7.5% on income before tax, depreciation, and interest, as well as an extraordinary governmental fee on precious metals, including gold and silver, of 0.5% of gross revenues, as described above under "Income Tax – New Tax Regime Effective January 1, 2014". Among the amendments for 2014, Mexican companies are no longer allowed to partially deduct certain expenses such as fringe benefits paid to its employees which in turn are tax exempted for the same employees (e.g. food coupons, pension and retirement funds additional to those provided for under the Mexican Security Law).

The IETU Flat Tax (Impuesto Empresarial a Tasa Unica) which was structured as an alternative minimum tax was repealed effective January 1, 2014

The VAT is an indirect tax levied on the value added to goods and services, and is imposed on corporations that carry out activities within Mexican territory, including (i) the sale or other disposition of property; (ii) the rendering of independent services; (iii) the granting of temporary use of property; or (iv) the importation of goods and services. The standard value added tax rate is 16%.

The Company's activities in the properties are subject to extensive laws and regulations governed by Mexican regulators.

The Company's activities are subject to extensive laws and regulations governing worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Specifically, the Company's activities related to its Mulatos Mine and the Salamandra Concessions are subject to regulation by the Mexican Department of Economy - Direccion General of Mines ("DGM"), the environmental protection agency of Mexico ("SEMARNAT"), Comisión Nacional del Aqua ("CONAGUA"), which regulates water rights, and the Mexican Mining Law. Mexican regulators have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Company follows Canadian disclosure practices concerning its Mineral Resources which allow for more disclosure than is permitted for domestic U.S. reporting companies.

The Company's mineral resource estimates are not directly comparable to those made by domestic U.S. reporting companies subject to the SEC's reporting and disclosure requirements, as the Company reports resources in accordance with Canadian practices. These practices are different from the practices used to report resource estimates in reports and other materials filed by domestic U.S. reporting companies with the SEC in that the Canadian practice is to report measured, indicated and inferred resources. In the United States, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of indicated resources will ever be converted into reserves. Further, "inferred mineral resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC permits issuers to report mineralization that does not constitute "reserves" by SEC standards only as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in this AIF may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. See *"Cautionary Note to United States Investors."*

The Company may fail to maintain adequate internal control over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act.

During the Company's five most recent fiscal years, management has documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the *Sarbanes-Oxley Act* ("**SOX**"). SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and, for its fiscal years 2006 through 2011, SOX required an attestation report by the Company's independent auditors addressing the effectiveness of internal control over financial reporting. However, in April 2012 the requirement of auditor attestation was, with respect to "emerging growth companies," repealed by the "Jumpstart Our Business Startups Act" ("**JOBS Act**"). Because the Company is presently an "emerging growth company" within the meaning of the JOBS Act, it is now exempt from the SOX requirement of auditor attestation regarding its internal controls over financial reporting. The Company may fail to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time, and the Company may not be able to conclude, on an ongoing basis, that it has effective internal control over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price or the market value of its securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. If the Company expands, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Company continues to monitor its internal control over financial reporting. Although the Company intends to expend time and incur costs, as necessary, to ensure ongoing compliance, it cannot be certain that it will be successful in complying with Section 404 of SOX.

Risks Relating to the Common Shares

Funding and property commitments may result in dilution to the Company's shareholders.

The Company may sell equity securities in public offerings (including through the sale of securities convertible into equity securities) and may issue additional equity securities to finance operations, exploration, development, acquisitions or other projects. The Company cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to security holders. Exercises of presently outstanding share options may also result in dilution to security holders.

The board of directors of the Company has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. Based on the need for additional capital to fund expected expenditures and growth, it is likely that the Company will issue additional securities to provide such capital. Such additional issuances may involve the issuance of a significant number of Common Shares at prices less than the current market price for the Common Shares.

Sales of substantial amounts of the Company's securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Company's securities and dilute investors' earnings per share. A decline in the market prices of Company's securities could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

The price of the Company's Common Shares is volatile.

Publicly quoted securities are subject to a relatively high degree of price volatility. It should be expected that continued fluctuations in price will occur, and no assurances can be made as to whether the price per share will increase or decrease in the future. In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The factors influencing such volatility include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious metal prices or other mineral prices, currency exchange fluctuations and the Company's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of the Company that may have an effect on the price of the Common Shares include the following: the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of securities of the Company; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the securities of the Company that persists for a significant period of time could cause the Company's securities to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

There is no assurance of a sufficient liquid trading market for the Company's Common Shares in the future .

Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Company's Common Shares on the trading market, and that the Company will continue to meet the listing requirements of the Toronto Stock Exchange or the NYSE MKT or achieve listing on any other public listing exchange.

The Company is a "passive foreign investment company", which may have adverse U.S. federal income tax consequences for U.S. Holders of Offered Shares.

U.S. Holders of Offered Shares should be aware that the Company believes it was a passive foreign investment company ("PFIC") during the tax year ended December 31, 2013, that it will be a PFIC for the current tax year and, based on current business plans and financial expectations, the Company may remain a PFIC in future tax years. If the Company is a PFIC for any year during a U.S. Holder's holding period, then such U.S. Holder generally will be required to treat any gain realized upon a disposition of Offered Shares, or any so-called "excess distribution" received on its Offered Shares, as ordinary income, and to pay an interest charge on a portion of such gain or distributions, unless the U.S. Holder makes a timely and effective "qualified electing fund" election ("QEF Election") or a "mark-to-market" election with respect to the Offered Shares. A U.S. Holder who makes a QEF Election generally must report on a current basis its share of the Company's net capital gain and ordinary earnings for any year in which the Company is a PFIC, whether or not the Company distributes any amounts to its shareholders. A U.S. Holder who makes the mark-to-market election generally must include as ordinary income each year the excess of the fair market value of the Offered Shares over the shareholder's basis therein. This paragraph is qualified in its entirety by the discussion below under the heading *"Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Considerations."* Each U.S. Holder should consult its own tax advisors regarding the PFIC rules and the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Offered Shares.

The Company, its principals and assets are located outside of the United States, which makes it difficult for U.S. litigants to effect service of process, or enforce, any judgments obtained against the Company or its officers or directors.

All of the Company's assets are located outside of the United States and the Company does not currently maintain a permanent place of business within the United States. In addition, most of the directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for U.S. litigants to effect service of process or enforce any judgments obtained against the Company or its officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts of Canada, Mexico and other jurisdictions would recognize or enforce judgments of United States courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in Canada, Mexico or other jurisdictions against the Company or its directors and officers predicated upon the securities laws of the United States or any state thereof. Further, any payments as a result of judgments obtained in Mexico could be in pesos and service of process in Mexico must be effectuated personally and not by mail.

All of the Company's mineral assets are located outside of Canada.

As a result, it may be difficult for investors to enforce within Canada any judgments obtained against the Company or its officers or directors, including judgments predicated upon the civil liability provisions of applicable securities laws. In addition, there is uncertainty as to whether the courts of Mexico and other jurisdictions would recognize or enforce judgments of Canadian courts obtained against the Company or its directors and officers predicated upon the civil liability provisions of the securities laws of Canada, or be competent to hear original actions brought in Mexico or other jurisdictions against the Company or its directors and officers predicated upon the securities laws of Canada. Further, any payments as a result of judgments obtained in Mexico should be in pesos and service of process in Mexico must be effectuated personally and not by mail.

The Company has outstanding common share equivalents which, if exercised, could cause dilution to existing shareholders.

As at March 25, 2015, the Company had 4,080,690 common share equivalents issued consisting of common shares issuable upon the exercise of 3,901,940 outstanding exercisable stock options (with a weighted average exercise price of C$8.63 per share), or issuable upon the conversion of 55,278 restricted share units ("RSUs") and 123,472 deferred share units ("DSUs") each convertible into one common share. Stock options are likely to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such stock options. RSUs may be converted at any time by the holder subject to vesting conditions, and the DSUs may only be converted by a departing director of the company.

The exercise of any of these instruments and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional share purchase warrants, stock options, RSUs and DSUs. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders' percentage interest in the Company.

The Company has not paid dividends and may not pay dividends in the foreseeable future.

Payment of dividends on the Company's Common Shares is within the discretion of the Company's Board and will depend upon the Company's future earnings if any, its capital requirements and financial condition, and other relevant factors. The Company anticipates that all available funds will be invested to finance the growth of its business for the foreseeable future.

MINERAL PROJECTS

The Company's two material properties at the date of this AIF are its 44% joint venture interest in the Juanicipio property and the 100% owned Cinco de Mayo Property which hosts the Upper Manto Pb-Zn-Ag-Au deposit and the Pozo-Seco Mo-Au deposit.

All of the Company's mining concessions are located in Mexico and are issued by the Federal Government of Mexico. All of the concessions held by the Company directly, or through option, are up to date with respect to Mexican Mining Concession Taxes and work filing requirements.

The majority of the Company's mineral properties are located in remote and relatively uninhabited areas. There are currently no areas of interest to the Company within its mineral concessions that are overlain by significant habitation or industrial users. Notwithstanding this there are potential surface usage issues in some areas. Some surface rights are owned by local communities or "Ejido" and some surface rights are owned by private ranching or dwelling interests. Exploration activities are not typically materially impacted by competing surface rights issues, although in some areas the Company has been required to negotiate compensation for surface rights holders in order to secure right of access. The Company is required to negotiate either leases or acquire surface rights outright in those areas where it may wish to develop mining operations. At the Juanicipio property, Minera Juanicipio has acquired some surface rights overlying the Valdecañas and Juanicipio Veins. At the Cinco de Mayo Property, the Company is continuing its efforts to renew the surface access arrangements with the local Ejido (see '"Cinco de Mayo" above in "General Business Development," Three Year History). The Company believes the Ejido access issue will be resolved and is working on a political and local basis to permanently secure surface access with the Ejido. No surface rights are owned outright on the Company's remaining properties.

In some of the more remote property locations, the access to water, power and basic infrastructure is limited or non-existent. Any mining operations undertaken in such areas will need to take the supply of such requirements into consideration. For the Juanicipio, and Cinco de Mayo properties, the available supply or the ability to establish supply, of water, power and infrastructure is considered to be adequate or manageable.

Juanicipio Property

The following summary of the Juanicipio Project is extracted from a technical report titled *"Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico" prepared by RPA (the "Technical Report"*), which was filed on SEDAR July 3, 2014 and dated June 12, 2014 as amended June 30, 2014. The complete report can be viewed on SEDAR at www.sedar.com. The detailed disclosure , including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and Mineral Resource estimates, are contained in the Technical Report. The Technical Report is incorporated by reference into this AIF.

Readers are advised that the Technical Report supercedes and replaces in all respects the UPEA.

Executive Summary

RPA was retained by MAG to update the mineral resource estimate and prepare an independent Technical Report on the Juanicipio Joint Venture in Zacatecas State, Mexico. This Technical Report conforms to NI 43-101. MAG requires this report to support the updated mineral resource estimate for the property prepared by RPA and disclosed in a press release. RPA has visited the property several times, most recently on May 27, 2014. This Technical Report was amended as of June 30, 2014, to include enhanced cautionary language.

The Juanicipio property is owned by Minera Juanicipio, a joint venture between Fresnillo plc (Fresnillo, 56%) and MAG (44%), with Fresnillo acting as the operator. The major asset associated with the Juanicipio Joint Venture is a silver-gold-lead-zinc epithermal vein deposit.

An updated Preliminary Economic Assessment ("PEA") was carried out by AMC Mining Consultants (Canada) Ltd. ("AMC") in 2012 (the "2012 PEA"). The study defined Juanicipio as an economically robust, high-grade underground silver project exhibiting minimal financial or development risks that will produce an average of 15.1 million payable ounces of silver over the first full six years of commercial production and 10.3 million payable ounces per year over a 14.8 year total mine life. The 2012 PEA did not take into account any potential mining, processing, or infrastructure synergies from any association with the adjoining property owned by Fresnillo. The 2012 PEA was based on the resource estimate and model developed by Strathcona Mineral Services ("Strathcona") dated November 2011.

The economic analysis in the PEA is preliminary in nature and is based, in part, on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

On October 28, 2013, MAG announced that the Joint Venture had commenced underground development. The ramp advancement work is being conducted by a contractor using a conventional drill and blast method and a continuous miner where possible.

Conclusions

MAG and joint venture partner Fresnillo have made a major discovery of low-sulphidation epithermal vein mineralization, located in the southwest part of the world-class Fresnillo silver mining district. The discovery is located in the northeast corner of the property and consists of two silver-gold-lead-zinc epithermal structures known as the Valdecañas and Juanicipio vein systems. Most exploration on the property has focused on these two vein systems. There is good exploration potential remaining at the Juanicipio Vein and elsewhere on the property, which remains largely underexplored. A significant exploration budget is warranted.

The updated Mineral Resource estimate reflects the drill results available as of December 31, 2013 including 40 new infill diamond drill holes completed since the previous resource estimate. The new estimate demonstrates a conversion of previously classified Inferred Resources into the Indicated category and reports a deep lower grade resource separately. The Mineral Resources on the Juanicipio Property are contained within the Valdecañas Vein system and the Juanicipio Vein. The updated resource estimate uses a cut-off of US$70/tonne Net Smelter Return ("NSR"), which includes values for silver, gold and base metals.

The Valdecañas and Juanicipio Veins display the vertical grade transition from upper silver rich zones to deep gold and base metal dominant areas that is typical of Fresnillo District veins, and epithermal silver veins in general. Previous resource estimates were largely based on the upper silver rich zones with limited influence from the deep base metal dominant zone. The recent infill drilling has greatly improved discrimination of the vertical compositional zonations, allowing the updated Mineral Resource estimate reported here to be manually divided into the upper Bonanza Grade Silver Zone ("BGS Zone") and the Deep Zone (Tables 1-1 and 1-2). This division highlights both the improved confidence in the BGS Zone, through conversion of previously categorized Inferred Resources into Indicated Resources, and the initial definition of the Deep Zone.

The increased drill density provides a better understanding of the vein geometry and indicates that that the Valdecañas Vein comprises two overlapping "en-echelon" veins rather than a single vein offset by a fault. This reveals an area of overlap, with incrementally increased tonnage, especially in the BGS Zone. A number of new holes, targeted below the limits of the previous resource estimate, intersected significant widths (10.5 m to 25.8 m true thickness) of lower grade mineralization, which combined with previous deep intercepts led to the definition of the new Deep Zone resource.

TABLE 1-1 MINERAL RESOURCES BY METAL ZONE (100% BASIS)

MAG Silver Corp. - Juanicipio Joint Venture

Zone/Classification	Tonnage (Mt)	Grade Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Contained Metal Ag (M oz)	Au (k oz)	Pb (M lb)	Zn (M lb)
Bonanza Grade Silver Zone									
Indicated	8.3	601	1.7	2.0	3.7	160	448	365	676
Inferred	2.4	626	1.9	1.4	2.2	48	146	74	114
Deep Zone									
Indicated	1.8	93	1.7	1.4	2.6	5	97	54	102
Inferred	2.7	146	2.0	2.1	3.4	13	173	128	203

Notes:

1. CIM definitions were followed for the classification of Mineral Resources.
2. Mineral Resources are estimated at an incremental NSR cut-off value of US$70/tonne
3. NSR values are calculated in US$ using factors of $0.57 per g/t Ag, $30.11 per g/t Au, $9.07 per % Pb, and $12.21 per % Zn. These factors are based on metal prices of US$21.50/oz Ag, US$1,250/oz Au, $0.91/lb Pb, and $0.99/lb Zn and estimated recoveries and smelter terms.
4. The Mineral Resource estimate uses drill hole data available as of December 31, 2013.
5. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
6. Totals may not add correctly due to rounding.

Combining the BSG Zone and the Deep Zone into a total resource by category, results in an overall increase in tonnage and a lower overall silver grade (Table 1-2).

TABLE 1-2 JUANICIPIO JOINT VENTURE MINERAL RESOURCES (100% BASIS)

MAG Silver Corp. - Juanicipio Joint Venture

Classification	Tonnage	Grade				Contained Metal			
		Ag	Au	Pb	Zn	Ag	Au	Pb	Zn
	(Mt)	(g/t)	(g/t)	(%)	(%)	(M oz)	(k oz)	(M lb)	(M lb)
Indicated	10.1	511	1.7	1.9	3.5	166	544	419	778
Inferred	5.1	372	2.0	1.8	2.8	61	319	202	317

Notes:

1. CIM definitions were followed for the classification of Mineral Resources.
2. Mineral Resources are estimated at an incremental NSR cut-off value of US$70 per tonne.
3. NSR values are calculated in US$ using factors of $0.57 per g/t Ag, $30.11 per g/t Au, $9.07 per % Pb, and $12.21 per % Zn. These factors are based on metal prices of $21.50/oz Ag, $1,250/oz Au, $0.91/lb Pb, and $0.99/lb Zn and estimated recoveries and smelter terms.
4. The Mineral Resource estimate uses drill hole data available as of December 31, 2013.
5. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
6. Totals may not add correctly due to rounding.

In RPA's opinion the Juanicipio project has the potential to be developed into an economically robust, high-grade underground silver project. Further drilling and investigation work aimed at upgrading Inferred Mineral Resources and increasing the geotechnical and hydrogeological understanding of the deposit is required to form a firm base for the next stage of project design and evaluation.

RPA notes several changes since the 2012 PEA that would have an insignificant impact on the overall economic results:

- Updated Mineral Resource as described in this report
- Metal Prices
- Payment Terms for concentrate
- Cost Escalation
- New Gold and Silver Tax (0.5% Gross Revenue)
- New Mining Tax (7.5% on EBITDA)
- Increased Corporate Tax rate (30% from 28%)
- Increase in cut-off grade used to report Mineral Resources

RPA would expect an updated PEA to have similar economic results as the 2012 PEA, and believes that the 2012 PEA remains a reasonable representation of the property's economic potential.

Recommendations

The Juanicipio property hosts a significant silver-gold-lead-zinc deposit and merits considerable additional exploration and development work. RPA recommends a budget of US$22.6 million (Table 1-3) for 2014 to advance the access ramp to the Valdecañas vein system and to explore elsewhere on the property. Work should include:

- Continuing to advance the underground access ramp. The budget in the 2012 PEA estimates this work to be $11.4 million with MAG's 44% share being $5 million.
- 10,000 m of drilling at the Valdecañas vein system to obtain a drill hole spacing no greater than 100 m in both the along-strike and up- and down-dip directions.
- 10,000 m of drilling for a property-wide exploration program including mapping, and drilling of new targets. Key criteria should be known mineralization, lineaments, and alteration.

In addition to the ramp advancement and continued drilling, RPA recommends the continuation of the environmental, engineering, and metallurgical studies as recommended in the 2012 PEA.

TABLE 1-3 PROPOSED BUDGET (100% BASIS)
MAG Silver Corp. - Juanicipio Joint Venture

Item	US$ M
Ramp advancement	11.4
Drilling (~20,000 m)	3.6
Interpretation, resource update, etc.	0.1
Geotechnical and Engineering Studies	1.2
Metallurgical and Mill Design Studies	1.1
Permitting and Environmental Work	0.9
Operating Costs / Office	1.2
Infrastructure Studies	1.0
Sub-total	20.5
Contingency (10%)	2.1
Total	**22.6**

Technical Summary

Property Description and Location

The Juanicipio Joint Venture consists of a single concession covering 7,679.21 ha in central Zacatecas State, Mexico. It is centred at approximately 102° 58' east longitude and 23° 05' north latitude.

Land Tenure

The Juanicipio 1 exploitation concession has a 50 year life from the date it was issued and will expire on December 12, 2055. The Juanicipio Joint Venture holds the surface ownership over the area of interest in the northeast portion of the property which encompasses the Valdecañas Vein system, Juanicipio Vein, and the proposed tailings storage site north of the Juanicipio 1 mining concession.

Site Infrastructure

Site infrastructure consists of the following items:

- a series of roads used to access drill sites, the decline and the mill site,
- an underground access portal, and the start of an underground access ramp,
- a surface explosive magazine, and
- interim power lines.

History

Silver mineralization in the Fresnillo area was discovered in 1554. Although no records exist prior to the 1970s, the Juanicipio property was likely prospected sporadically over the years because of its proximity to the Fresnillo mining area.

Industrias Peñoles S.A. de C.V. ("Peñoles") drilled several holes to the northeast of the property in the 1970s and 1980s. Detailed exploration of the areas adjoining the Juanicipio property was initiated by Fresnillo in 2006 based on results from the Valdecañas Vein discovery.

From 1998 to 2001, Minera Sunshine S.A. de C.V. ("Minera Sunshine") completed an exploration program consisting of property-wide geological mapping, preliminary rock chip sampling, and Landsat image and air photo analysis. This was followed by more detailed geological mapping in areas of interest, additional Landsat image analysis, detailed geochemical sampling, and a limited Natural Source Audio Magnetotelluric ("NSAMT") geophysical survey. Drilling targets were identified, prioritized and fully permitted but never drilled due to Minera Sunshine's bankruptcy.

In July 2002, Minera Lagartos S.A. de C.V. ("Minera Lagartos") optioned the Juanicipio 1 concession. On August 8, 2002, MAG entered into an agreement whereby it could acquire 98% of the issued and outstanding shares of Minera Lagartos. This agreement was later amended such that MAG could acquire a 99% interest in Minera Lagartos and a beneficial ownership of the remaining 1% interest.

From May 2003 to June 2004, MAG completed 10 drill holes for a total of 7,595 m and during this exploration program, discovered the Juanicipio Vein and cut what would later be discovered to be the upper and deep parts of the Valdecañas Vein outside of the thick and high grade Bonanza Zone.

On April 4, 2005, MAG announced that it had entered into a joint venture agreement with Peñoles whereby Peñoles could earn a 56% interest in the property. Fresnillo, then Peñoles' wholly-owned operating division, and MAG formed a new company, Minera Juanicipio, to operate the joint venture.

On July 25, 2008, MAG filed a technical report on the Juanicipio Project which included an initial Mineral Resource estimate. That report covered work on the property to December 31, 2007. The Mineral Resource estimate was then updated by RPA (then Scott Wilson RPA) in early 2009 based on drill hole results available to January 29, 2009. On September 14, 2009, MAG announced the results of the independent preliminary assessment by Tetra Tech WEI Inc. for development of the Valdecañas Vein as a potential stand-alone silver mine. On December 1, 2010, MAG announced a Juanicipio resource estimation and update prepared by RPA (then Scott Wilson RPA). A NI 43-101 technical report to support the resource update was filed on SEDAR on January 14, 2011. On November 10, 2011, MAG announced an updated Juanicipio resource estimate prepared by Strathcona on behalf of Minera Juanicipio. On December 19, 2011, MAG announced an updated resource estimate by RPA. On June 14, 2012, MAG announced an updated PEA study prepared by AMC on behalf of Minera Juanicipio. The 2012 PEA was based on the resource model prepared by Strathcona.

Geology

The Juanicipio property lies on the western flank of the Central Altiplano, just east of the Sierra Madre Occidental range. Basement rocks underlying the western Altiplano are a late Palaeozoic to Mesozoic assemblage of marine sedimentary and submarine volcanic rocks belonging to the Guerrero Terrane that were obducted onto older Palaeozoic and Precambrian continental rocks during the early Jurassic. These were then overlapped by a Jurassic-Cretaceous epi-continental marine and volcanic arc sequence that in the Fresnillo area is represented by the Proaño and Chilitos formations. The late Cretaceous to early Tertiary Laramide Orogeny folded and thrust faulted the basement rocks in the entire area and preceded the emplacement of mid-Tertiary plutons and related dykes and stocks.

On the Juanicipio property, the dominant structural features are: (i) 340° to 020°, or north-south structures; (ii) 290° to 310° trending, steeply dipping faults; and (iii) lesser 040° to 050° structures. From field observations, the north-south structures appear to be steeply dipping normal faults that cut and down-drop blocks of silicified tuff, especially in the vicinity of Linares Canyon. More important to the silicification appears to be the 290° to 310° trending, steeply to moderately dipping faults. These faults occur where silicification and advanced argillic alteration are most intense and may have served as major hydrothermal fluid pathways.

The two significant silver-gold epithermal structures discovered to date on the Juanicipio property are known as the Valdecañas and Juanicipio vein systems. Both veins strike east-southeast and dip 35° to 55° southwest. The Valdecañas structure hosts the majority of the Mineral Resources currently estimated on the property.

Mineralization consists of precious metal rich, banded, or brecciated quartz-pyrargyrite-acanthite-polybasite-galena-sphalerite veins. The veins have undergone multiple mineralizing events as suggested by various stages of brecciation and quartz sealing, local rhythmic microcrystalline quartz-pyrargyrite banding, and open-space cocks-comb textures and vuggy silica. The vein exhibits the characteristic metal zoning of the principal veins in the Fresnillo district, observed as a change from silver and gold rich zones at the top to increased base metals in the deeper intersections.

Mineral Resources

A set of cross sections and plan views were interpreted to construct three-dimensional wireframe models of the mineralized veins using the descriptive logs, a minimum NSR value of approximately US$70 per tonne, and a minimum thickness of two metres. Prior to compositing to two metre lengths, high grades were cut to 6,000 g/t Ag, 16 g/t Au, and 15% for both lead and zinc. Classification into the Indicated and Inferred categories was guided by the drill hole density and the apparent continuity of the mineralized zones.

The updated Mineral Resource estimate dated December 31, 2013 is listed in Table 1-1.

The following summary sections are summarized from the NI 43-101 Technical Report on the Juanicipio Property prepared by AMC dated July 1, 2012. In RPA's opinion, these sections remain reasonable for this stage of study.

Geotechnical Considerations

Cretaceous sedimentary rocks, which host the veins, are overlain by Tertiary volcanic rocks across the majority of the project site, except for two surface outcrops located southwest of the Valdecañas Vein. Rock quality in moderate to slightly weathered Cretaceous sedimentary rocks typically consists of poor to fair quality rocks with localized zones of high fracture frequency. Rock quality within the Tertiary volcanic rocks varies greatly from extremely poor to good. Veins are characterized by typically good rock quality, but geotechnical data relating to the veins is extremely limited.

Hydrogeological information on the project area has not yet been collected. The study assumes that the rock mass in the project area will be generally dry except in fault zones, which have been assumed to produce medium inflows.

Mining Methods

AMC considered use of the following stoping methods at the project:

- Down-hole benching with uncemented rockfill (modified Avoca).
- Long-hole open stoping ("LHOS") with cemented backfill.
- Cut-and-fill with uncemented backfill.

In AMC's opinion, LHOS with cemented backfill is the most suitable method for the veins, mainly because of the higher recovery achievable using this method. LHOS with cemented backfill can be used in both steeply dipping and shallow dipping parts of the deposit. It is envisaged that some steeper dipping lower grade parts of the veins will be mined using the lower cost Avoca method.

Truck haulage, shaft hoisting, and conveying were considered for transferring ore and waste from the mine workings to surface. The trucking option was selected on the basis of its lower up-front capital cost and lower overall net present cost. However, there are relatively small cost differences between the options and the trucking option is sensitive to future increases in fuel and labour costs. In AMC's opinion ongoing consideration is warranted on the option of constructing a hoisting shaft to a depth of about 450 m.

It is envisaged that access to the mine will be via a decline driven at a nominal gradient of 1:7. The access decline will connect to a number of internal declines providing access to stoping levels positioned at either 15 m or 20 m vertical intervals, depending on the dip of the vein. It is envisaged that mining will be carried out using modern trackless mining equipment. The proposed mine ventilation circuit will include a number of ventilation shafts, raise bored from surface.

Mineral Processing

Two sets of metallurgical test work were carried out in 2008 and 2009, on metallurgical samples composited from drill holes samples taken from the Valdecañas Vein. No metallurgical test work has yet been carried out relating to the Juanicipio Vein.

The proposed process plant consists of a comminution circuit followed by the sequential flotation of a silver-rich lead concentrate, a zinc concentrate, and a gold-rich pyrite concentrate.

It is envisaged that the process plant will commence operation at a throughput rate of 850,000 tpa, which will be increased to 950,000 tpa when production from the Juanicipio Vein commences.

Estimated mill recoveries and concentrate grades are summarized in Table 1-4.

TABLE 1-4 MILL RECOVERIES AND CONCENTRATE GRADES
MAG Silver Corp. - Juanicipio Joint Venture

	Gold	Silver	Lead	Zinc
Recoveries to lead concentrate	69%	81%	93%	8%
Lead concentrate grades	30.3 g/t	10,265 g/t	43.0%	6.7%
Recoveries to zinc concentrate	3%	7%	1%	87%
Zinc concentrate grades	0.95 g/t	637 g/t	0.33%	52.0%
Recovery to pyrite concentrate	19%	6%	–	–

Project Infrastructure

A 9.8 km access road, mostly over hilly terrain, will be required to access the site. A two-lane unsealed road suitable for use by heavy vehicles hauling concentrates is proposed.

Power would be supplied to a main substation at the site via a 115 kV overhead power line from an existing power line and substation located to the north of the property. The line would have a length of approximately 5.2 km. The average power demand for the site is estimated at 11.9 MW.

Three water catchment dams are envisaged for the site. The dams would be used to store water from the mine dewatering system and from rainfall. A hydrogeological study will be carried out during further studies.

The Joint Venture has purchased 125 ha of relatively flat-lying land suitable and adequate for the proposed five million cubic metres tailings storage facility (“TSF”). This land lies to the northeast of the proposed mill site along the proposed access road from the JV area to the regional highway. The necessary detailed environmental and geotechnical studies for this TSF site have been outlined but not yet initiated.

Project Development and Production Schedule

Following satisfactory completion of further studies, and subject to the application for and grant of the necessary permits and licences, it is estimated that it will take approximately three and a half years to develop the project from the start of the box cut and portal to mill start-up.

The estimated tonnage and grade of material mined and processed that forms the basis for the economic assessment is set out in Table 1-5. Mill feed from vein development comprises approximately 19% of total mill feed, with the remainder from stoping operations.

TABLE 1-5 TONNAGE OF MATERIAL MINED AND PROCESSED AS A BASIS FOR THE PRELIMINARY ECONOMIC ASSESSMENT
MAG Silver Corp. - Juanicipio Joint Venture

		Grade				Contained Metal			
	Million Tonnes	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Au (koz)	Ag (Moz)	Pb (Mlb)	Zn (Mlb)
Material derived from Indicated Resources	5.3	1.88	667	2.1	4.1	318	113	242	472
Material derived from Inferred Resources	4.9	1.46	408	1.6	2.9	230	65	169	311
External dilution	0.2	1.80	209	1.8	3.0	9	1	6	11
Waste	3.0	0	0	0	0	0	0	0	0

Note: The tonnage and grades of the material mined and processed were derived from the 2011 Strathcona Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

The tonnages and grades shown in Table 1-5 do not reflect the 2014 updated Mineral Resource estimate that includes 40 new infill diamond drill holes completed since the previous resource estimate, but rather have been derived from the Mineral Resource estimate and vein model prepared in 2011 by Strathcona by applying a $65 NSR cut-off grade to the resource model and then allowing for dilution, and design and mining losses. Metal prices used in the NSR calculation were $1,210 per ounce gold, $22.10 per ounce silver, $0.94 per pound lead, and $0.90 per pound zinc and an exchange rate of 12.50 Mexican pesos to one US dollar. In developing the tonnage and grade estimates, stope blocks that were in contact with the property boundaries were excluded and zero grades have been assumed for the dilution material.

Capital and Operating Costs

Project capital is estimated at $302 million, inclusive of capitalized operating costs (costs usually related to the operation of the mine, but incurred prior to first concentrate production). Sustaining capital of $267 million results mainly from the need for ongoing mine development after concentrate production commences, including development of the Juanicipio Vein, and the need for mobile equipment replacements over the mine life.

Total site operating costs have been estimated at approximately $67/t milled. The unit costs are broken down as follows:

- Mining: $43.92/t milled.

- Milling: $19.18/t milled.
- General and Administration: $3.46/t milled.

Project Revenue

Project economics have been analyzed using the following metal prices (Base Case Prices), which are based on the three year trailing average prices to the year ending December 2011:

- Silver price = $23.39/oz
- Gold price = $1,257/oz
- Lead price = $0.95/lb
- Zinc price = $0.91/lb

It is envisaged that silver rich zinc concentrate will be sold primarily to smelters in the Asian region. Lead concentrate could potentially be sold to a smelter in Mexico or exported to offshore smelters. The gold-rich pyrite concentrate will be sold to a customer able to recover the gold and silver values.

Economic Analysis

The economic analysis in the PEA is preliminary in nature and is based, in part, on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

Table 1-6 summarizes the results of the economic analysis. Employee profit sharing (" **PTU**") is not included in the financial estimates and the net present value ("**NPV**") and internal rate of return (" **IRR**") of the project may fluctuate depending on how the project is structured once it is in operation.

TABLE 1-6 SUMMARY OF FINANCIAL RESULTS
MAG Silver Corp. - Juanicipio Joint Venture

Item	Units	Value
Revenue	$M	4,992
Cash flow before tax	$M	3,013
Tax	$M	851
Cash flow after tax	$M	2,162
Discount rate	%	5%
NPV before tax (5% discount rate)	$M	1,762
IRR before tax	%	54%
NPV after tax (5% discount rate)	$M	1,233
IRR after tax	%	43%
Peak debt	$M	(302)
Payback from Year 1 (approximate)	yrs	5.6
Payback from mill start-up (approximate)	yrs	2.1
Project life from Year 1	yrs	19

Note: PTU is not included in the financial estimates.

Sensitivity

The NPV of the project is most sensitive to changes in the silver price and will have similar sensitivity to silver head grade. The NPV is less sensitive to costs. The project maintains a positive NPV over the range of sensitivities tested.

Cinco de Mayo Property

The following summary of the Cinco de Mayo Property is extracted from a technical report titled "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico", which was filed on SEDAR November 16, 2012 and dated November 14, 2012 (the "Cinco de Mayo Technical Report"). The complete report can be viewed on SEDAR at www.sedar.com. The detailed disclosure , including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and Mineral Resource estimates, is contained in the Cinco de Mayo Technical Report. The Cinco de Mayo Technical Report is incorporated by reference into this AIF.

EXECUTIVE SUMMARY

RPA was retained by MAG Silver Corp. (MAG) to prepare an independent Technical Report on the Upper Manto deposit (the Project), located on MAG's 25,000 ha Cinco de Mayo property (the Property), Chihuahua, Mexico. The purpose of this report is to support the Mineral Resource estimate prepared by RPA and disclosed by MAG in a press release dated October 3, 2012. This Technical Report conforms to NI 43- 101 Standards of Disclosure for Mineral Projects. RPA visited the Property most recently on October 2 and 3, 2012.

The Upper Manto Pb-Zn-Ag (Au) deposit, formerly known as the Jose Manto-Bridge Zone deposit, consists of two parallel and overlapping manto deposits referred to as the Jose Manto and the Bridge Zone. The Property also hosts the Pozo Seco Mo-Au deposit, however, this Technical Report focuses solely on the Upper Manto deposit. A separate Technical Report on the Pozo Seco deposit was prepared in 2010 and remains current since the two deposits host distinctly different mineralization with different commodities, are separated by four kilometres and small mountain range, will potentially be mined by different methods, underground for Upper Manto and open pit for Pozo Seco, and have no significant synergies between them.

CONCLUSIONS

MAG has made a major carbonate replacement deposit (CRD) discovery at its 100% owned Cinco de Mayo Property in northern Chihuahua, Mexico. Diamond drilling has outlined manto mineralization with three-dimensional continuity, and size and grades that can potentially be extracted economically. MAG's protocols for drilling, sampling, analysis, security, and database management meet industry accepted practices. The drill hole database was verified by RPA and is suitable for Mineral Resource estimation work.

RPA estimated Mineral Resources for the Upper Manto deposit using drill hole data available as of September 1, 2012. At an NSR cut-off of US$100/t, Inferred Mineral Resources are estimated to total 12.45 million tonnes of 132 g/t Ag, 0.24 g/t Au, 2.86% Pb, and 6.47% Zn. The total contained metals in the resource are 52.7 million ounces of silver, 785 million pounds of lead, 1,777 million pounds of zinc, and 96,000 ounces of gold. Drill sections were spaced at 100 m to 250 m along strike with intercepts on each section averaging 50 m apart down dip. The resource remains open in several directions. There are no Mineral Reserves estimated on the Property.

The 61.6 m of massive sulphide intercept, known as the Pegaso Zone, located deeper in hole CM-12-431 was not included in this resource estimate. That intercept indicates excellent potential for a much larger resource at depth, however, additional drilling is required to establish the geometry of the Pegaso Zone.

A significant exploration budget is warranted.

RECOMMENDATIONS

The Upper Manto deposit hosts a significant silver-zinc-lead-gold deposit and merits considerable work. RPA recommends a Phase 1 budget of US$12.1 million (Table 1-1) to advance the Project and explore elsewhere on the Property. Work should include:

- 50,000 m of infill drilling at the Upper Manto deposit.
- 7,500 m of drilling at the Pegaso Zone to explore for extensions of the known mineralization.
- 2,000 m of drilling for a property-wide exploration program including mapping, and drilling of new targets.

TABLE 1-1 PROPOSED BUDGET
MAG Silver Corp. – Upper Manto Deposit

Item	US$
Infill drilling at Upper Manto (50,000 m at $150 m)	7,500,000
Exploration drilling at Pegaso (7,500 m at $180/m)	1,350,000
Exploration drilling elsewhere on property (2,000 m at $150/m)	300,000
Geophysics (seismic survey)	1,000,000
Metallurgical testwork	100,000
Other engineering studies	250,000
Operating Costs / Office	500,000
Sub-total	11,000,000
Contingency (10%)	1,100,000
Total	**12,100,000**

The recommended Phase 2 budget of US$10 million would be contingent of Phase 1 results.

Work would include additional drilling at Pegaso, metallurgical testwork, and a Preliminary Economic Assessment.

TECHNICAL SUMMARY

PROPERTY DESCRIPTION AND LAND TENURE

The Upper Manto deposit is located on MAG's Cinco de Mayo Property in north central Chihuahua State, 190 km northwest of the state capital of Chihuahua City. Chihuahua City is a major city with a population of approximately 750,000. The Property is located immediately west of the village of Benito Juárez, accessible along dirt roads. The Property is centred at 305,000mE, 3,340,000mN (NAD 27 Mexico, Zone 13).

The Project consists of 29 concessions totalling 25,113.2049 ha located in the Municipio de Buenaventura. The concessions are wholly owned by MAG subject to a 2.5% net smelter return (NSR) royalty due to Minera Cascabel S.A. de C.V. (Cascabel). MAG has indicated that there are no outstanding environmental liabilities associated with the Project or the Property.

HISTORY

Small scale mining took place in the Property area in at least twelve locations sometime prior to the 1990s. In the mid-1990s, an affiliate of Industrias Peñoles S.A. de C.V. (Peñoles) drilled six reverse circulation holes for a total of 1,368 m to test several silicified zones. In 1992, the area was visited by Peter Megaw on behalf of Teck Corporation (Teck) as part of a reconnaissance program in Chihuahua State carried out from 1991 to 1994. Megaw determined that the area exhibited characteristics favourable for large CRDs. Teck's field work included reconnaissance mapping and detailed sampling of the jasperoid veins along Cinco de Mayo Ridge. Teck transferred the Property to Cascabel in early 2000 with no retained interest. Cascabel continued to stake claims until 2003. In 2004, MAG optioned the ground from Cascabel.

GEOLOGY AND MINERALIZATION

Cinco de Mayo is located on the western margin of the Chihuahua Trough, the same environment which hosts several other important CRDs in Mexico. The Chihuahua Trough is a Jurassic marine basin generally composed of evaporites, clastic sedimentary rocks, and carbonates.

The Property is dominated by the Sierra Santa Lucia, a northwest-trending 600 m high limestone range roughly 3.5 km wide and 12 km long. Cinco de Mayo Ridge is an elongate limestone ridge, 400 m wide by 2,000 m long off the east side of the Sierra Santa Lucia. The Sierra Santa Lucia lies directly above the western bounding fault of the Chihuahua Trough and there is strong local evidence that this fault functioned subsequently as a major shear zone. There are numerous mineralization and alteration occurrences associated with this fault zone throughout the Sierra Santa Lucia and adjacent hills.

The Upper Manto Pb-Zn-Ag (Au) deposit consists of two parallel overlapping manto deposits referred to as Jose Manto and the Bridge Zone. There are four styles of mineralization at the Upper Manto deposit including manto mineralization, massive sulphide mineralization, garnet-pyroxene skarn, and vein and veinlet mineralization.

EXPLORATION

Work by MAG began in mid-2004 with preliminary regional geological mapping, followed by geochemical, biogeochemical, and geophysical surveys in 2005 to 2009. Combining the geological, geochemical, biogeochemical, and geophysical data and interpretations, MAG developed a series of drill targets along a prominent northwest trending fault zone that cuts strongly folded massive limestone and limestone-rich sedimentary rocks.

As of September 1, 2012, 445 holes totalling 213,591 m have been drilled on the Property. Of these, 151 holes totalling 97,610 m are located at or nearby the Upper Manto deposit and were used to model the mineralization.

MINERAL RESOURCE ESTIMATE

RPA prepared a Mineral Resource estimate for the Upper Manto deposit based on drilling results available up to September 1, 2012 (Table 1-2 and 1-3). There are no Mineral Reserves estimated for the Project at this time.

TABLE 1-2 INFERRED MINERAL RESOURCES BY MANTO – SEPTEMBER 1, 2012
MAG Silver Corp. – Upper Manto Deposit

Manto	Tonnage (Mt)	Gold (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	AgEq (g/t)	Gold (oz)	Silver (Moz)	Zinc (Mlb)	Lead (Mlb)
M10	4.89	0.32	142	6.56	2.74	396	50,000	22.4	708	296
M20	1.48	0.20	129	5.97	2.24	350	9,000	6.1	195	73
M30	0.93	0.07	122	6.97	2.65	378	2,000	3.7	143	54
M40	1.45	0.24	133	6.18	3.52	400	11,000	6.2	198	113
M50	3.29	0.18	122	6.84	3.11	392	19,000	12.9	496	225
M60	0.41	0.34	100	4.22	2.63	293	4,000	1.3	38	24
Total	**12.45**	**0.24**	**132**	**6.47**	**2.86**	**385**	**96,000**	**52.7**	**1,777**	**785**

Notes:
1. CIM definitions were followed for the classification of Mineral Resources.
2. Mineral Resources are estimated at an NSR cut-off value of US$100 per tonne.
3. NSR values are calculated in US$ using factors of $0.60 per g/t Ag, $12.32 per g/t Au, $18.63 per % Pb and $14.83 per % Zn. These factors are based on metal prices of US$27.00/oz Ag, US$1,500/oz Au, $1.15/lb Pb, and $1.20/lb Zn and estimated recoveries and smelter terms.
4. The Mineral Resource estimate uses drill hole data available as of September 1, 2012.
5. Totals may not add correctly due to rounding

A total of six zones were modelled, with the largest, Manto M10, extending from the northwest part of the Jose Manto deposit to partway into the Bridge Zone and measuring 2,500 m long by 350 m down dip by 1.5 m to 9 m thick. The zones extend from surface to a depth of 950 m below surface.

Grade interpolations for silver, gold, lead, zinc, and density were made using inverse distance cubed with a minimum of one to a maximum of twelve composites per block estimate. Hard boundaries were used to limit the use of composites between mantos. The search ellipse was 250 m by 250 m by 100 m oriented in the plane of the mantos. Gold values greater than 1 g/t were restricted to a maximum of 75 m.

Mineral Resources were classified entirely as Inferred based on drill hole spacing and the apparent continuity of mineralization. Drill sections were spaced 100 m to 250 m along strike with intercepts on each section averaging 50 m apart down dip. The resource remains open in several directions.

Other Properties

The Company has two other exploration property interests as at December 31, 2014:

- the Guigui project, a 100% interest in a 8,300 hectare property in the Santa Eulalia Mining District, home to the world's largest CRD camp; and,
- the Salamandra project, an option earn in agreement to earn up to a 70% interest in what looks to be a typical Mexican CRD-Skarn, located in Durango State, Mexico.

For more information on these properties, see the Company's most recently completed Management's Discussion and Analysis which is available under the Company's profile on SEDAR (www.sedar.com).

At this time, the Company is focused primarily on epithermal vein exploration along the Fresnillo Silver Trend and on CRD exploration along the western edge of the Chihuahua Trough. The Company is constantly looking for other opportunities that could offer us the potential to meet our exploration objectives.

DIVIDENDS

The Company has neither declared nor paid dividends on its Common Shares. The Company has no present intention of paying dividends on its Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred Shares without par value, of which 69,173,076 Common Shares were issued and outstanding and no Preferred Shares were issued and outstanding as at March 25, 2015. All of the issued shares are fully paid and non-assessable.

Common Shares

A holder of a Common Share is entitled to one vote for each Common Share held on all matters to be voted on by the Company's shareholders. Each Common Share is equal to every other Common Share and all Common Shares participate equally on liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of our assets among the Company's shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The shareholders are entitled to receive *pro rata* such dividends as may be declared by the Board of Directors out of funds legally available therefore and to receive *pro rata* the remaining property of the Company upon dissolution. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights, and no provisions for redemption, retraction, purchase or cancellation, surrender, sinking fund or purchase fund. Provisions as to the creation, modification, amendment or variation of such rights or such provisions are contained in the *Business Corporations Act* (British Columbia) and the articles of the Company .

Shareholder Rights Plan

On January 18, 2008, the shareholders of the Company approved a shareholder rights plan (the "Rights Plan"). The Rights Plan was adopted to ensure the fair treatment of shareholders in connection with any take-over bid for Common Shares of the Company. The Rights Plan was not adopted in response to any proposal to acquire control of the Company. The Rights Plan provides for expiry at the end of the third annual general meeting of the Company's shareholders following initial approval, unless renewed by the shareholders.

On February 22, 2009, the Board of Directors of the Company approved certain amendments (the "Amendments") to the Rights Plan in the form of an amended and restated shareholder rights plan agreement. On March 24, 2009, the Amendments were approved by the Company's shareholders at the annual and special meeting of shareholders and by the Toronto Stock Exchange.

On May 14, 2010, the Board of Directors of the Company approved the continuation of its Rights Plan substantially in the form set forth in the shareholder's rights plan agreement between the Company and Computershare Investor Services Inc. dated as of August 3, 2007, as amended and restated on March 24, 2009. On June 22, 2010 and subsequently on June 18, 2013, the continuation was approved by the shareholders at the annual and special meeting of Shareholders and by the Toronto Stock Exchange. A copy of the Rights Plan may be obtained by request in writing to the Company at Suite 770 – 800 West Pender Street, Vancouver, BC V6C 2V6 or viewed in electronic format at www.sedar.com and at www.sec.gov.

MARKET FOR SECURITIES

Trading Price and Volume

The following table provides information as to the high and low prices of the Company's Common Shares during the 12 months of the most recently completed financial year as well as the volume of shares traded for each month:

Toronto Stock Exchange			
Month	**High**	**Low**	**Volume**
	(C$)	(C$)	(no. of shares)
December, 2014	9.73	6.98	12,243,705
November, 2014	9.10	6.66	3,992,614
October, 2014	9.40	6.56	4,165,283
September, 2014	9.84	8.22	3,681,263
August, 2014	10.53	8.83	3,977,685
July, 2014	10.34	9.32	5,126,690
June, 2014	11.42	7.63	9.057,640
May, 2014	10.20	7.13	2,892,327
April, 2014	8.66	6.94	3,598,837
March, 2014	9.97	7.42	5,303,458
February, 2014	9.24	6.84	3,849,896
January, 2014	7.74	5.53	3,789,574

New York Stock Exchange - MKT			
Month	**High**	**Low**	**Volume**
	($)	($)	(no. of shares)
December, 2014	8.39	6.01	1,882,079
November, 2014	8.03	5.85	1,460,193
October, 2014	8.38	5.81	1,130,269
September, 2014	8.90	7.37	857,648
August, 2014	9.64	8.15	813,334
July, 2014	9.70	8.68	1,088,282
June, 2014	10.64	7.00	1,896,056
May, 2014	7.80	6.55	755,252
April, 2014	7.86	6.27	901,357
March, 2014	8.98	6.72	1,639,878
February, 2014	8.35	6.18	1,751,167
January, 2014	6.97	5.20	1,723,542

Prior Sales

The following table summarizes the issuances of Stock Options, Restricted Share Units (RSUs) and Deferred Share Units (DSUs) by the Company during the 12 months of the most recently completed financial year.

Date of Issue	Number of Securities	Security	Price of Security (C$)
July 2, 2014	340,000	Stock Options	10.04
July 2, 2014	123,472	DSUs	10.04
July 2, 2014	55,278	RSUs	10.04
September 2, 2014	35,000	Stock Options	8.90
September 30, 2014	2,198	DSUs	8.53
December 22, 2014	29,449	DSUs	7.64
December 31, 2014	2,185	DSUs	8.58

DIRECTORS AND OFFICERS

The following were Directors and Officers of the Company as at December 31, 2014. As noted below, each of Peter Megaw, Frank Hallam and Eric Carlson did not stand for re-election at the 2014 Annual Meeting and, accordingly, ceased to be directors on June 23, 2014.

Name, Occupation and Security Holding as at March 25, 2015

Name & Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[5][6]	No. of Options/price DSU, RSU[11]
GEORGE N. PASPALAS [8] President, CEO, Director (since Oct 15/13) British Columbia, Canada	President and CEO of the Company since October 15, 2013. Aug 2011 to June 2013 President and Chief Executive Officer of Aurizon Mines; Jun 2007 to Jan 2011 Chief Operating Officer, Silver Standard Resources Inc. Mr. Paspalas is also a director of Pretivm Resources Inc.	25,000	**Options** 500,000/$5.35 125,000/$10.04 **RSU** 24,900

Name & Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[5][6]	No. of Options/price DSU, RSU[11]
DANIEL T. MACINNIS Director (since Feb 1/05) British Columbia, Canada	President and CEO of the Company from February 1, 2005 to October 15, 2013. Mr. MacInnis is also a director of MAX Resources Corp. and subsequent to the yearend joined the board of Balmoral Resources Inc.	301,300	**Options** 125,000/$9.92 125,000/$10.44 125,000/$9.15 150,000/$5.86 **DSU** 14,940
JONATHAN A. RUBENSTEIN[4] Director (Since Feb 26/07) Chairman (Since Oct 12/07) British Columbia, Canada	Professional Director. Currently also a director of: Detour Gold (since 2009); Eldorado Gold (since 2009); Roxgold (since 2012); and Dalradian Resources Inc. (since 2013). Formerly a director of: Troon Ventures (2009 to 2014); Aurelian Gold (2006 to 2008); and Rio Novo Gold (2010 to 2012). Former lawyer in private practice, with focus on corporate and securities law.	25,268	**Options** 75,000/$9.92 75,000/$10.44 75,000/$9.15 90,000/$5.86 **DSU** 14,940 2,198 2,185
RICHARD M. COLTERJOHN[2][3][9] Director (since Oct 16/07) Ontario, Canada	Managing Partner at Glencoban Capital Management Inc., a merchant banking firm, since 2002. Founder, president, CEO and director of Centenario Copper Corporation from 2004 to 2009; director of Cumberland Resources Ltd from 2003 to 2007; director of Explorator Resources Ltd. from 2009 to 2011. Mr. Colterjohn also currently serves as a director of AuRico Gold Inc. (since 2010) and Roxgold Inc. (since 2012).	34,180	**Options** 50,000/$9.92 50,000/$10.44 60,000/$9.15 20,000/$5.86 **DSU** 14,940
DEREK C. WHITE[2][3] Director (since Oct 16/07) British Columbia, Canada	CEO and President since September 2012, and Executive Vice President – Corporate Development since September 2007, of KGHM International Limited, a company constructing and operating mines in Canada, the USA and Chile; CFO of Quadra Mining from April 2004 to November 2007. Mr. White holds an undergraduate degree in Geological Engineering and is a Chartered Accountant. Mr. White was also a director of Laurentian Goldfields Ltd. from 2008 to 2013 and currently serves as a director of Magellan Mineral Limited.	Nil	**Options** 50,000/$9.92 50,000/$10.44 50,000/$9.15 60,000/$5.86 **DSU** 14,940
PETER D. BARNES[2][4][9] Director (since Oct 5/12) British Columbia, Canada	Corporate Director and a private investor. Director of CB Gold Inc. since April 2010, where he is the non-executive Chairman and a member of the Audit Committee and the Governance Committee. Former CEO and director of Silver Wheaton Corp from 2006 to 2011, and one of Silver Wheaton's founders in 2004, a silver streaming company. Executive Vice President and CFO of Goldcorp Inc. from 2005 to 2006. Director of Avanti Mining Inc. from June 2007 to April 2012. Member of the Institute of Corporate Directors and was a member of the Silver Institute's Board of Directors from 2009 to 2011.	15,000	**Options** 150,000/$12.19 60,000/$5.86 **DSU** 14,940

Name & Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[5][6]	No. of Options/price DSU, RSU[11]
RICHARD P. CLARK[3][4][8] Director (since Oct 5/12) British Columbia, Canada	CEO of RB Energy since January 2014. CEO of Sirocco Mining Inc. (BC) from October 2011 to January 2014. Senior executive with the Lundin Group of companies for past 15 years. Former CEO, President and a director of Red Back Mining Inc. from 2004 until the company's takeover by Kinross Gold Corporation in 2010. Mr. Clark served as a director of Kinross Gold Corporation from November 2010 until July 2011. Mr. Clark currently serves as director of RB Energy Inc., Lucara Diamond Corp., and Orca Gold.	Nil	**Options** 150,000/$12.19 60,000/$5.86 **DSU** 14,940
JILL LEVERSAGE **Director (since Dec 22/14)** **British Columbia, Canada**	A Managing Director at Highland West Capital Ltd., a private merchant bank since 2013. From 2012 -2013 she acted as a financial consultant and from 2002 to 2011 was the Managing Director, Corporate & Investment Banking for the investment banking arm of TD Securities, a Canadian Chartered Bank. Ms. Leversage is a director and member of the Audit Committee of Catalyst Paper Corporation and a director and Chair of the Audit Committee of Delta Gold Corporation. From 2011 to 2013 served as a director of Eagle Star Minerals Corp.	Nil	**DSU** 29,449
PETER K. MEGAW[8] [10] Chief Exploration Officer (June 23/14) Arizona, USA	President of IMDEX and co-founder of Minera Cascabel S.A. DE C.V. since 1988, a geological consulting company; consulting geologist for the Company since its inception in 2003. From 2003 to 2014 he served as a director of the Company. Dr. Megaw is also a director of Candente Gold Corp and Minaurum Gold Corp.	351,854[7]	**Options** 50,000/$9.92 50,000/$10.44 50,000/$9.15 60,000/$5.86 50,000/$10.04 **RSU** 9,960
LARRY TADDEI[8] Chief Financial Officer British Columbia, Canada	CFO of the Company since June 22, 2010; CFO of West Timmins Mining Inc., a Canadian mining exploration company, from 2008 to 2010; CFO and Vice President Finance of Gold Hawk Resources Inc., a mining company, from 2006 to 2008; Mr. Taddei has been a Chartered Accountant since 1990.	46,195	**Options** 75,000/$10.44 75,000/$9.15 90,000/$5.86 60,000/10.04 **RSU** 11,952

Name & Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[5][6]	No. of Options/price DSU, RSU[11]
Michael J. Curlook Vice President, Investor Relations and Communications (effective March 4, 2013) British Columbia, Canada	March 4, 2013 to Present, Vice President, Investor Relations and Communications of the Company; previously Head of Investor Relations and Communications of Great Basin Gold Ltd from 2008 to 2012; Manager of Investor Relations of Farallon Mining/Hunter Dickinson Inc. from 2006 to 2008.	3,500	**Options** 100,000/$9.61 25,000/$10.04 **RSU** 4,980
JODY L. HARRIS Corporate Secretary British Columbia, Canada	Corporate Secretary of the Company since May 8, 2007.	500	**Options** 20,000/$9.92 20,000/$10.44 25,000/$9.15 30,000/$5.86 17,500/$10.04 **RSU** 3,486

Notes:

(1) Each director's term of office expires at the next annual general meeting of shareholders of the Company.
(2) Member of Audit Committee.
(3) Member of Compensation Committee.
(4) Member of Corporate Governance and Nomination Committee.
(5) Includes beneficial, direct and indirect shareholdings.
(6) Does not include stock options and other rights to purchase or acquire shares.
(7) Of these shares, 11,085 shares are held by Minera Cascabel SA de CV, a private company owned in part by Mr. Megaw.
(8) Member of the Disclosure Committee.
(9) Member of the Finance Committee.
(10) Ceased to be a director on June 23, 2014 becoming an officer as of that date.
(11) Includes grants made under the Company's Share Unit Plan ("RSU and PSU") and Directors' Deferred Share Unit Plan ("DSU") adopted on June 24, 2014.

There are 69,173,076 Common Shares issued and outstanding as at March 25, 2015. As of March 25, 2015, directors and officers of the Company as a group own or control 802,797 Common Shares of the Company representing approximately 1.16% of its issued and outstanding Common Shares.

Cease trade orders, bankruptcies, penalties or sanctions

Richard Clark is the President, Chief Executive Officer and Director of RB Energy Inc. On October 14, 2014, RB Energy Inc. applied for and obtained an Initial Order (the "Order") to commence proceedings under the Companies' Creditors Arrangement Act (the "CCAA") in the Québec Superior Court (the "Court"). The Court issued the Order in respect of RB Energy Inc. and its Canadian subsidiaries. The Order granted an initial stay to November 13, 2014 and has since been extended to April 30, 2015. Pursuant to the Order, all proceedings on the part of creditors were stayed, effectively forestalling any demand for payments or subsequent legal action from them.

Other than as described above, none of the other directors or officers is currently, or has been within the past ten years, (A) a director, chief executive officer or chief financial officer of any company that (i) was subject to an order that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting as a director, chief executive officer or chief financial officer, or (B) a director or executive officer of any company that, while such person was acting in such capacity, or within a year of such person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. None of the management nominees has within the past ten years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person. None of the management nominees has been subject to (1) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (2) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for such person.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will disclose his interest in the matter and abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the laws of British Columbia and they shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed under the heading "Interest of Management and Others in Material Transactions" below, the directors and officers of the Company are not aware of any such conflicts of interests.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics (the "Code") that applies to all of its directors, officers and employees, including the Chief Executive Officer and Chief Financial Officer. The Code includes provisions covering conflicts of interest, ethical conduct, compliance with applicable government laws, rules and regulations, and accountability for adherence to the Code. A copy of the Code is posted on the Company's website, at www.magsilver.com.

Audit Committee

The Audit Committee is responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the Company's external auditors. See Audit Committee Charter attached hereto as Schedule "A".

Audit Committee Composition and Background

The Audit Committee is currently comprised of Derek White (Chairman), Richard Colterjohn, Peter Barnes and Jill Leversage (effective January 23, 2015). All four members of the Audit Committee are (i) independent within the meaning of such term in National Instrument 52-110 - *Audit Committees* ("NI 52-110") and (ii) financially literate under NI 52-110, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set forth below:

Derek White, Chartered Accountant – Mr. White has over 25 years of financial experience in the mining and metals industry. Mr. White is presently the CEO and President of KGHM International Limited (formerly Quadra FNX Mining) since September 2012 and Executive Vice President - Corporate Development since 2007. Mr. White previously held the position as Quadra's CFO commencing in April 2004. From January 2003 to February 2004, he held the position of CFO of International Vision Direct Ltd and as well as senior financial positions at BHP Billiton. Mr. White also holds a degree in Geological Engineering from the University of British Columbia.

Richard Colterjohn, B.Comm, MBA – Mr. Colterjohn has been Managing Partner at Glencoban Capital Management Inc., a private merchant banking firm since 2002. He also was the founder, President and CEO of Centenario Copper Corporation, a development stage copper company active in Chile from 2006 to 2009. Since 2002, he has also served as a director of six other Canadian public mining sector companies: AuRico Gold Inc. (ongoing), Roxgold Inc. (ongoing), Canico Resource Corp., Cumberland Resources Ltd., Viceroy Exploration Ltd. and Explorator Resources Inc. Prior to April 2002, Mr. Colterjohn was Managing Director at UBS Bunting Warburg Inc., an investment dealer.

Peter Barnes, FCA, D.Sc (Econ)., ICD.D - Mr. Barnes was formerly a Director of CB Gold Inc. from 2010 to 2014, where he was the non-executive Chairman and a member of the Audit Committee and the Governance Committee. He was formerly the CEO and director of Silver Wheaton Corp. from 2006 to 2011, and one of Silver Wheaton's founders in 2004. Mr. Barnes was Executive Vice President and CFO of Goldcorp Inc. from 2005 to 2006 and a Director of Avanti Mining Inc. from June 2007 to April 2012. He is a member of the Institute of Corporate Directors and was a member of the Silver Institute's Board of Directors from 2009 to 2011.

Jill Leversage, FCA, CBV – Ms. Leversage has over 25 years of experience in corporate finance and investment banking. Ms. Leversage is a Managing Director at Highland West Capital Ltd., a private merchant bank since 2013. From 2012 -2013 she acted as a financial consultant and from 2002 to 2011 was the Managing Director, Corporate & Investment Banking for the investment banking arm of TD Securities, a Canadian Chartered Bank. Ms. Leversage is a director and member of the Audit Committee of Catalyst Paper Corporation and a director and Chair of the Audit Committee of Delta Gold Corporation. Ms. Leversage is a Chartered Business Valuator and a Fellow of the Institute of Chartered Accountants of BC.

The Board of Directors has determined that each of the Audit Committee members is an "audit committee financial expert" within the meaning of the regulations promulgated by the United States Securities and Exchange Commission and an "independent director" as that term is defined by the rules contained in the NYSE MKT LLC Company Guide.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions in Section 2.4, 3.2, 3.3(2), 3.4, 3.5 or 3.6 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 or on section 3.8 of NI 52-110. No non-audit services were approved pursuant to a de minimis exemption to the pre-approval requirement.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.

External Auditor Service Fees

The aggregate fees by the Company's current external auditor, Deloitte LLP, in each of the last two fiscal years are as follows.

	Year ended December 31, 2014 Cdn$	**Year ended December 31, 2013 Cdn$**
Audit Fees	$195,000	$191,800
Audit-Related Fees	74,880	34,400
Tax Fees	$113,555	$141,710
All Other Fees	0	0
Total	$383,435	$367,910

The nature of the services provided by Deloitte LLP under each of the categories indicated in the table is described below.

Audit Fees

Audit fees are those incurred for professional services rendered by Deloitte LLP for the audit of the Company's annual consolidated financial statements, for the interim reviews of the Company's unaudited consolidated financial statements, additional services provided in connection with statutory and regulatory filings or engagements, including for the Company's wholly owned subsidiaries, Minera Los Lagartos, S.A. de C.V., Minera Pozo Seco S.A. de C.V., and Minera Sierra Vieja S.A. de C.V.

Audit-Related Fees

Audit-related fees are those incurred for: i) professional services rendered by Deloitte LLP relating to the short form prospectus and ii) professional fees related to the Mexican statutory audit.

Tax Fees *(tax compliance, tax advice and tax planning)*

Tax fees are those incurred for professional services rendered by Deloitte LLP for: tax compliance, including the review of tax returns, tax planning and advisory services relating to common forms of domestic and international taxation (i.e. income tax, capital tax, goods and services tax, payroll tax and value added tax); continued tax planning and advisory services on potential restructuring and spin-out projects; and, preparation of a Transfer Pricing report.

All Other Fees

There are no other fees to report under this category for professional services rendered by Deloitte LLP for the Company.

Compensation Committee

The Compensation Committee was comprised of independent directors Richard Colterjohn (Chairman), Richard Clark and Eric Carlson until June 23, 2014 when Mr. Carlson ceased to be a director of the Company. Subsequent to the Annual General and Special Meeting of Shareholders held on June 23, 2014, the Compensation Committee is now comprised of Richard Colterjohn (Chairman), Richard Clark and Derek White. The primary objective of this committee is to discharge the Board of Director's responsibilities relating to compensation and benefits of the executive officers and directors of the Company. The Compensation Committee Charter may be obtained under the Company's profile at www.sedar.com and at www.sec.gov.

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is comprised of Peter Barnes (Chairman), Jonathan Rubenstein and Eric Carlson until June 23, 2014 when Mr. Carlson ceased to be a director of the Company. Subsequent to the Annual General and Special Meeting of Shareholders held on June 23, 2014, the Governance and Nomination Committee is now comprised of Peter Barnes (Chairman), Jonathan Rubenstein, and Richard Clark. The primary objective of this committee is to assist the Board of Directors in fulfilling its oversight responsibilities by (a) identifying individuals qualified to become Board and Board committee members, and recommending to the Board director nominees for appointment or election to the Board, and (b) developing and recommending to the Board corporate governance guidelines for the Company and making recommendations to the Board with respect to corporate governance practices. The Corporate Governance and Nomination Committee Charter may be obtained under the Company's profile at www.sedar.com and at www.sec.gov.

Disclosure Committee

The Disclosure Committee is comprised of George Paspalas (Chairman), Larry Taddei, Peter Megaw and Richard Clark. The primary objective of this operational committee is to ensure the Company and all applicable persons meet their obligations under the provisions of securities laws and stock exchange rules by establishing a process for the timely disclosure of all material information, ensuring that all applicable persons understand their obligations to preserve the confidentiality of undisclosed material information and ensuring that all appropriate parties who have undisclosed material information know they are prohibited from insider trading and tipping under applicable law, stock exchange rules and the Timely Disclosure, Confidentiality and Insider Trading Policy, which may be obtained under the Company's profile at www.sedar.com and at www.sec.gov.

Finance Committee

The Finance Committee is comprised of Peter Barnes, Frank Hallam and Richard Colterjohn. Frank Hallam continues as a member of the Finance Committee despite ceasing to be a director on June 23, 2014 at the request of the Board. The Finance Committee is a non-standing board appointed committee with the primary objective of providing the Board with recommendations relating to financing structures available to the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no pending or contemplated legal proceedings to which our Company is a party or of which any of our properties is the subject, other than the claims of the Company with respect to its purchase of 41 land rights within the Cinco de Mayo Property boundaries, and the associated surface access negotiations with the Ejido (see "General Development of the Business – Three Year History – Year Ended December 31, 2012 – Soil Use Change Permit and Surface Access").

As of December 31, 2014, the Company is not subject to:

(a) any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2013; or

(b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or

(c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2014.

The Company is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or is reasonably expected to materially affect the Company, except as otherwise disclosed in this AIF and as follows:

Dr. Peter Megaw, of Arizona, USA, became a member of the Board of Directors of the Company on February 6, 2006 and ceased to be a member of the Board of Directors on June 23, 2014. Dr. Megaw has since been appointed Chief Exploration Officer of the Company, although he continues to be remunerated through IMDEX as outlined below, with the exception of equity incentives (stock options and restricted share units), which are granted directly to Dr. Megaw.

Dr. Megaw is a principal of Minera Bugambilias, S.A. de C.V. ("Bugambilias") and Minera Coralillo, S.A. de C.V. ("Coralillo"). The Company acquired the mineral claims of the Batopilas property in 2005 from Bugambilias and Bugambilias has retained a NSR royalty interest in that property, although the property has now been written off by the Company effective December 31, 2014. The Company acquired the mineral claims of the Guigui property in 2002 from Coralillo and Coralillo has retained a NSR royalty interest in that property. As noted above in "Other Business Risks," Dr. Megaw is also a principal of IMDEX and Cascabel. The Company is obligated to a 2.5% NSR royalty on the Cinco de Mayo property payable to the principals of Cascabel under the terms of an option agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property from Cascabel, and under the terms of assignment agreements entered into by Cascabel with its principals. Further, Cascabel has been and will continue to be retained by the Company as a consulting geological firm compensated at industry standard rates.

The Company accrued or paid Cascabel and IMDEX the following fees under the Field Services Agreement:

For year ended December 31			2014	2013
	Cascabel & IMDEX	IMDEX related to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$205,760	$226,983	$432,743	$315,662
Exploration management, field costs and cost reimbursements (at cost + 10%) + MAG properties[(1)]	919,298	192,931	1,112,229	2,160,051
	1,125,058	419,914	1,544,972	2,475,713

(1) does not include drilling and assays, which are contracted out independently from Cascabel & IMDEX.

Within the Field Services Agreement between the MAG and Cascabel/IMDEX, a 'Right of First Refusal' has been granted to MAG for any silver properties Cascabel/IMDEX may come across. As part of this agreement, Cascabel/IMDEX have agreed to grant MAG the right of first refusal to examine all silver properties currently in their control, or brought to their attention by others. MAG, and solely at MAG's discretion, may lease, option, purchase, joint venture or otherwise acquire an interest in such silver properties as may be known or offered by Cascabel/IMDEX to MAG. In recognition of the work carried out by Cascabel/IMDEX to introduce such properties to MAG, a reasonably negotiated Finders Fee may be payable by MAG on any new property of merit.

Upon the retirement of Dan MacInnis as President & Chief Executive Officer, on October 15, 2013, the Company entered into a consulting contract with a private company controlled by Mr. MacInnis, to which it paid or accrued consulting fees of C$548,232 in the year ended December 31, 2014 (December 31, 2013: C$114,215). The consulting contract expired on December 31, 2014. Mr. MacInnis remains as a member of the Board of Directors.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar for its Common Shares is:

Computershare Investor Services Inc.
3rd floor – 510 Burrard Street
Vancouver, British Columbia
Canada V6C 3B9

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business of the Company, the only contracts material to the Company and that were entered into within the most recently completed financial year of the Company or before the most recently completed financial year of the Company but still in effect, are:

- the Shareholders Agreement dated October 10, 2005 between the Company, Peñoles and others relating to Minera Juanicipio. See "Description of the Business – General – Economic Dependence", above.

INTERESTS OF EXPERTS

The Company's technical reports, including the following listed reports are available on the SEDAR website at www.sedar.com and on the SEC's EDGAR website at www.sec.gov.

David Ross, P.Geo., Jason Cox, P.Eng., and Holger Krutzelmann, P.Eng., all of Roscoe Postle Associates Inc., are the authors responsible for the preparation of the Technical Report entitled "Technical Report on the Mineral Resource Update for the Juanicipio Joint Venture, Zacatecas State, Mexico", dated June 12, 2014 as amended June 30, 2014 and filed on SEDAR on July 3, 2014, which is incorporated by reference herein. This report replaces and supercedes the previously filed reports with respect to the Juanicipio Property.

David Ross, P.Geo, of Roscoe Postle Associates Inc. is the author responsible for the preparation of the Cinco de Mayo Technical Report entitled "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico" dated November 14, 2012 and filed on SEDAR on November 14, 2012, which is incorporated by reference herein.

To the knowledge of the Company, having made reasonable enquiry, none of the experts listed above, or any "designated professional" of such expert, has any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or any of its associates or affiliates.

The Company's auditors, Deloitte LLP, have prepared the report of the independent registered public accounting firm attached to the Company's audited consolidated financial statements for the most recent financial year end. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including details as to directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and of options to purchase Common Shares and certain other matters, is contained in the Company's Information Circular for the annual general and special meeting held on June 23, 2014, which is incorporated herein by reference.

Additional financial information is provided in the Company's consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2014.

Copies of the above and additional information relating to the Company may be obtained on the Company's website at www.magsilver.com; on the SEDAR website at www.sedar.com; on the SEC's EDGAR website at www.sec.gov or by calling the Company's investor relations personnel at 604-630-1399.

Schedule "A"

MAG SILVER CORP.

(the "Corporation")

AUDIT COMMITTEE CHARTER

1. General

The Board of Directors of the Corporation (the "Board") has established an Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities. The Committee will review and oversee the financial reporting and accounting process of the Corporation, the system of internal control and management of financial risks, the external audit process, and the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Corporation's business, operations and risks.

The Corporation's independent auditor is ultimately accountable to the Board and to the Committee. The Board and Committee, as representatives of the Corporation's shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, to nominate annually the independent auditor to be proposed for shareholder approval, to determine appropriate compensation for the independent auditor, and where appropriate, to replace the outside auditor. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Corporation's independent auditors, Board and Corporation management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

2. Members

The Board will in each year appoint a minimum of three (3) directors as members of the Committee. All members of the Committee shall be non-management directors and shall be independent within the meaning of all applicable U.S. and Canadian securities laws and the rules of the Toronto Stock Exchange and the NYSE MKT LLC, unless otherwise exempt from such requirements.

None of the members of the Committee may have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years.

All members of the Committee shall be able to read and understand fundamental financial statements and must be financially literate within the meaning of all applicable U.S. and Canadian securities laws or become financially literate within a reasonable period of time following his or her appointment. Additionally, at least one member of the Committee shall be financially sophisticated and shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, which may include being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

3. Duties

The Committee will have the following duties:

- Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review any legal matters which could significantly impact the financial statements as reported on by the Corporation's counsel and engage outside independent counsel and other advisors whenever as deemed necessary by the Committee to carry out its duties.
- Review the Corporation's annual and quarterly financial statements, including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Corporation's material associated and affiliated companies that may have a significant impact on the Corporation's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
  - actual financial results for the interim period varied significantly from budgeted or projected results;
  - generally accepted accounting principles have been consistently applied;
  - there are any actual or proposed changes in accounting or financial reporting practices; or

- there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

- Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.

- Recommend to the Board an external auditor to be nominated for appointment by the Corporation's shareholders. Subject to the appointment of the Corporation's external auditor by the Corporation's shareholders, the Committee will be directly responsible for the appointment, compensation, retention and oversight of the work of external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Corporation's external auditor shall report directly to the Committee.

- Review with the Corporation's management, on a regular basis, the performance of the external auditors, the terms of the external auditor's engagement, accountability and experience.

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor.

- Consider at least annually the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services obtained by the Corporation, including:

    - insuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;

    - considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and

    - as necessary, taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor.

- Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure contained in the Corporation's financial statements, Management's Discussion and Analysis and annual and interim earnings press releases; and must periodically assess the adequacy of those procedures.

- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

- Establish a procedure for:

- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

- the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.

- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.

- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.

- Review and oversee all related party transactions.

- Perform other functions as requested by the Board.

- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.

- Review and re-assess annually the adequacy of this Charter and recommend updates to this charter; receive approval of changes from the Board.

- With regard to the Corporation's internal control procedures, the Committee is responsible to:

  - review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those related to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management; and

  - review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate; and

  - review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

- periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

- Comply with Rule 10A – 3(b)(2), (3), (4) and (5) under the Securities Exchange Act of 1934.

4. Chair

The Committee will in each year appoint the Chair of the Committee from among the members of the Committee. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will not have a casting vote.

5. Meetings

The Committee will meet at least once every calendar quarter. Special meetings shall be convened as required. Notices calling meetings shall be sent to all members of the Committee, all Board members and the external auditor. The external auditor of the Corporation must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee. At the request of the external auditor, the Committee must convene a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Board or shareholders of the Corporation.

The Committee may invite such other persons (e.g. without limitation, the President or Chief Financial Officer) to its meetings, as it deems appropriate.

6. Quorum

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing, or by any combination of the foregoing, will constitute a quorum.

7. Removal and Vacancy

A member may resign from the Committee, and may also be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director of the Corporation. The Board will fill vacancies in the Committee by appointment from among the directors in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all of the Committee's powers.

8. Authority

The Committee may:

- engage independent counsel and other advisors as it determines necessary to carry out its duties.
- set and pay the compensation for any advisors employed by the Committee; and
- communicate directly with the internal and external auditors.

The Committee may also, within the scope of its responsibilities, seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice, and to ensure the attendance of Corporation officers at meetings as appropriate.

9. Secretary and Minutes

The Chair of the Committee will appoint a member of the Committee or other person to act as Secretary of the Committee for purposes of a meeting of the Committee. The minutes of the Committee meetings shall be in writing and duly entered into the books of the Corporation, and will be circulated to all members of the Board.

10. Funding

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to any registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (b) compensation to any advisers employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carry out its duties.

Schedule “B”

Glossary

The following is a glossary of certain terms used in this AIF.

"Ag" is the elemental symbol for silver.

“alluvium” is unconsolidated surficial sediments deposited by water.

“alteration” usually refers to chemical reactions in a rock mass resulting from the passage of hydrothermal fluids.

“anomalous” is a value, or values, in which the amplitude is statistically between that of a low contrast anomaly and a high contrast anomaly in a given data set.

"Au" is the elemental symbol for gold.

“basalt” is volcanic rock, low in quartz content, generally fine grained and dark coloured.

“calcite” refers to calcium carbonate mineral. It is a common constituent of many rock types as well as occurring in veins and alteration assemblages.

“carbonate” refers to minerals which have the formula “X”CO3. Calcite is the most common carbonate mineral. Also rocks composed dominantly of carbonate minerals such as calcite.

“Cascabel” is Minera Cascabel, S.A. DE C.V., a company incorporated pursuant to the laws of the Mexican Republic.

“Cinco de Mayo Property” is described commencing on page 53 of this AIF.

“Common Shares” is the Common Shares without par value in the capital of the Company.

“Company” or “MAG” is MAG Silver Corp., a company under the *Business Corporations Act* (British Columbia).

“Conglomerate” is sedimentary rock composed of gravel and coarser fragments.

“concession” is a defined area for which mineral tenure has been granted by the Mexican government for a period of 50 years to allow exploration and exploitation and may be renewed for another 50 years.

“CRD” refers to Carbonate Replacement Deposit.

“Cretaceous” is the geological period extending from 135 million to 63 million years ago.

“exploitation” is works aimed at preparation and development of the area comprised by the mineral deposit, as well as work aimed at detaching and extracting the minerals products or substances existing therein.

"exploration" is works performed on land aimed at identifying deposits of minerals or substances, as well as quantifying and evaluating the economically utilizable reserves they contain.

"fault" is a fracture in rock where there has been displacement of the two sides.

"flow" is volcanic rock comprised of flow lava.

"fracture" refers to breaks in a rock, usually due to intensive folding or faulting.

"g/t" refers to grams per tonne (31.1 g/t = 1.0 troy ounce/ton).

"grade" refers to the concentration of each ore metal in a rock sample, usually given as weight percent. Where extremely low concentrations are involved, the concentration may be given in grams per tonne (g/t) or ounces per ton (oz/t). The grade of an ore deposit is calculated, often using sophisticated statistical procedures, as an average of the grades of a very large number of samples collected from throughout the deposit.

"greywacke" refers to sandstone composed largely of sand-sized rock fragments.

"hydrothermal" refer to hot fluids, usually mainly water, in the earth's crust which may carry metals and other compounds in solution to the site of ore deposition or wall rock alteration.

"igneous" is a rock formed by the cooling of molten silicate material.

"intrusive" is a rock mass formed below the earth's surface from magma which has intruded into a pre-existing rock mass.

"Juanicipio property" is the Juanicipio property described commencing on page 43 of this AIF.

"Lagartos" is Minera Los Lagartos, S.A. DE C.V., a company incorporated pursuant to the laws of the Mexican Republic, the principal of which is the Company.

"magma" refers to molten rock formed within the crust or upper mantle of the earth.

"manto" refers to a deposit type that is stratabound, irregular to rod shaped, and which occurs usually in a horizontal or near horizontal attitude.

"mill" refers to a facility for processing ore to concentrate and recover valuable minerals.

"Minera Juanicipio" is Minera Juanicipio, S.A. DE C.V., a company incorporated pursuant to the laws of the Mexican Republic, the principals of which are Fresnillo (56%) and the Company (44%).

"Mineral Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

"Mineral Resource" is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Industry Guide 7 does not provide for the disclosure of "Mineral Resource estimates".

"mineralization" usually implies minerals of value occurring in rocks.

"net smelter returns royalty" or "NSR" refers to payment of a percentage of mining revenues after deducting applicable smelter charges.

"NSAMT" is Natural Source Audio-frequency Magneto Tellurics.

"ore" is a natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated.

"outcrop" is an exposure of rock at the earth's surface.

"oz" is the metric ounce.

"oz/t or opt" refers to troy ounces per ton.

"Pozo Seco", is Minera Pozo Seco, S.A. de C.V., a company incorporated pursuant to the laws of the Mexican Republic, the principal of which is the Company.

"pyrite" is iron sulphide mineral.

"quartz" refers to Si02, a common constituent of veins, especially those containing gold and silver mineralization.

"replacement" refers to the process whereby one mineral is chemically substituted by a later mineral.

"SEC" is the Securities and Exchange Commission of the United States of America.

"silicification" refers to the replacement of the constituents of a rock by quartz.

"skarn" refers to the alteration of carbonate rocks near an intrusion dominated by garnet and pyroxene minerals.

"Sierra Vieja", is Minera Sierra Vieja, S.A. de C.V., a company incorporated pursuant to the laws of the Mexican Republic, the principal of which is the Company.

"tailings" is the material rejected from a mill after recoverable valuable minerals have been extracted.

"Tertiary" is the geological period extending from 63 million to 2 million years ago.

"tonne" or "T" is the Metric ton = 1,000 kilograms or 1,000,000 grams.

“VAT” is an acronym for “Value Added Tax” which, in Mexico, is charged on all goods and services at a rate of 16%. Proprietors selling goods or services must collect VAT on behalf of the government. Goods or services purchased incur a credit for VAT paid. The resulting net VAT is then remitted to, or collected from the Government of Mexico through a formalized filing process. (In Mexico it is referred to as “IVA”).

“veinlets” are small veins, generally measuring only a few millimetres in thickness, filling fractures in rocks.

“veins” refer to the mineral deposits that are found filling openings in rocks created by faults or replacing rocks on either side of faults.

“volcaniclastic” refer to the coarse-grained sedimentary rocks (sandstone or conglomerate) composed of fragments of volcanic rocks.

EXHIBIT 99.2

REGISTRANT'S AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014.



MAG SILVER CORP.

Consolidated Financial Statements
(expressed in US$)

For the year ended December 31, 2014

Dated: March 25, 2015

A copy of this report will be provided to any shareholder who requests it.

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Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying consolidated financial statements, management's discussion and analysis ("MD&A") and all fina information in the Annual Report for MAG Silver Corp. (the "Company") are the responsibility of management and have been approved by the Boa Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). Financial statements, by nature, are not precise since they include certain amounts based upon estim and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances. The fina information presented elsewhere in the Annual Report is consistent with that in the consolidated financial statements.

Management, under the supervision, and with the participation of, the Chief Executive Officer and the Chief Financial Officer, have a process in plac evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and U.S. securities regulations. We, as C Executive Officer and Chief Financial Officer, will certify our annual filings with the Canadian Securities Administrators, as required in Canada by Nat Instrument 52-109 – *Certification of Disclosure*, and in the United States with the U.S. Securities and Exchange Commission as required by the Secu Exchange Act of 1934, as amended.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for revie and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, whi independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A, considers the report of the ext auditors, assesses the adequacy of our internal controls, including management's assessment described below, examines and approves the fees expenses for the audit services, and recommends the independent auditors to the Board of Directors for the appointment by the shareholders. independent auditors have full and free access to the Audit Committee and meet with it to discuss their audit work, our internal control over financial repo and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated fina statements for issuance to the shareholders and management's assessment of the internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2014 using criteria established in *Int Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evalua management concluded that our internal control over financial reporting was effective as of December 31, 2014.

/s/ "George Paspalas"
George Paspalas
Chief Executive Officer

/s/ "Larry Taddei"
Larry Taddei
Chief Financial Officer

March 25, 2015

Deloitte LLP
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Canada

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Independent Auditor's Report

To the Board of Directors and Shareholders of
MAG Silver Corp.

We have audited the accompanying consolidated financial statements of MAG Silver Corp. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MAG Silver Corp. and subsidiaries as at December 31, 2014 and December 31, 2013, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ "Deloitte LLP"
Chartered Accountants
March 25, 2015
Vancouver, Canada

MAG SILVER CORP.
Consolidated Statements of Financial Position

(expressed in US$ dollars unless otherwise stated)	Note	December 31, 2014	December 31, 2013
ASSETS			
CURRENT			
Cash		$ 86,280,385	$ 25,050,948
Accounts receivable	3	583,373	982,673
Marketable securities	4	364,584	486,700
Prepaid expenses		355,909	280,883
TOTAL CURRENT ASSETS		87,584,251	26,801,204
EQUIPMENT	5	52,567	78,610
INVESTMENT IN ASSOCIATE	6	27,598,153	23,093,221
EXPLORATION AND EVALUATION ASSETS	7	50,480,496	55,410,761
OPTION TO ACQUIRE MINERAL INTEREST	7(d)	3,808,029	1,065,075
TOTAL ASSETS		$ 169,523,496	$ 106,448,871
LIABILITIES			
CURRENT			
Trade and other payables		$ 550,509	$ 830,989
COMMITMENTS	7,14		
DEFERRED INCOME TAXES	15	3,682,347	4,234,722
TOTAL LIABILITIES		4,232,856	5,065,711
EQUITY			
Share capital	8		
Authorized - unlimited common shares, without par value			
Issued and outstanding common shares at December 31, 2014 - 68,860,536 (Dec. 31, 2013 - 60,141,718)		257,023,003	179,579,878
Share option reserve		19,485,539	16,700,933
Accumulated other comprehensive income		858,580	1,045,628
Deficit		(112,076,482)	(95,943,279)
TOTAL EQUITY		165,290,640	101,383,160
TOTAL LIABILITIES AND EQUITY		$ 169,523,496	$ 106,448,871
SUBSEQUENT EVENTS	16		

ON BEHALF OF THE BOARD (approved on March 25, 2014)

/s/ "Derek White"
Derek White, Director

/s/ "Jill Leversage"
Jill Leversage, Director

See accompanying notes to the consolidated financial statements.

MAG SILVER CORP.
Consolidated Statements of Loss and Comprehensive Loss
(expressed in US$ dollars unless otherwise stated)

	Note	For the year ended December 31, 2014	For the year ended December 31, 2013
EXPENSES			
Accounting and audit		$ 498,220	$ 521,123
Amortization	5	35,185	35,751
Filing and transfer agent fees		164,490	196,829
Foreign exchange loss (gain)		1,012,584	(1,525,770)
General office expenses		764,882	854,279
Legal		312,609	254,351
Management compensation and consulting fees		3,128,894	2,538,843
Exploration and evaluation costs written off	7	6,418,387	16,998,885
Share based payment expense	8b,c,d	3,502,481	3,014,711
Shareholder relations		382,727	350,521
Travel		243,739	295,222
		16,464,198	23,534,745
INTEREST INCOME		237,635	175,995
IMPAIRMENT OF INVESTMENT			
IN AVAILABLE-FOR-SALE SECURITIES	4	(227,640)	(243,112)
EQUITY PICK UP FROM ASSOCIATE	6	(231,375)	(1,534,769)
LOSS FOR THE YEAR BEFORE INCOME TAX		$ (16,685,578)	$ (25,136,631)
DEFERRED INCOME TAX RECOVERY (EXPENSE)	7b, 15	552,375	(4,234,722)
LOSS FOR THE YEAR		$ (16,133,203)	$ (29,371,353)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to profit or loss:			
CURRENCY TRANSLATION ADJUSTMENT	2k	(186,876)	(2,394,578)
UNREALIZED GAIN (LOSS) ON			
MARKETABLE SECURITIES, NET OF NIL TAXES	4	(172)	50,620
		(187,048)	(2,343,958)
TOTAL COMPREHENSIVE LOSS		$ (16,320,251)	$ (31,715,311)
BASIC AND DILUTED			
LOSS PER SHARE		$ (0.25)	$ (0.49)
WEIGHTED AVERAGE NUMBER			
OF SHARES OUTSTANDING - BASIC AND DILUTED		64,113,376	60,132,319

See accompanying notes to the consolidated financial statements.

MAG SILVER CORP.
Consolidated Statements of Changes in Equity
(expressed in US$ unless otherwise stated)

	Note	Common shares without par value Shares	Common shares without par value Amount	Share Option Reserve	Currency translation adjustment	Unrealized gain (loss) on marketable securities	Accumulated other comprehensive income (loss) ("AOCI")	Deficit	Total equity
Balance, January 1, 2013		60,023,835	$178,387,343	$14,030,576	$ 3,365,712	$ 23,874	$ 3,389,586	$ (66,571,926)	$129,235,579
Stock options exercised	8a, 8b	117,883	1,192,535	(344,354)	-	-	-	-	848,181
Share based payment expense	8b	-	-	3,014,711	-	-	-	-	3,014,711
Currency translation adjustment		-	-	-	(2,394,578)	-	(2,394,578)	-	(2,394,578)
Unrealized gain on marketable securities	4	-	-	-	-	50,620	50,620	-	50,620
Net loss		-	-	-	-	-	-	(29,371,353)	(29,371,353)
Total Comprehensive Loss		-	-	-	-	-	-	-	(31,715,311)
Balance, December 31, 2013		60,141,718	$179,579,878	$16,700,933	$ 971,134	$ 74,494	$ 1,045,628	$ (95,943,279)	101,383,160
Stock options exercised	8a, 8b	293,750	2,303,260	(664,625)	-	-	-	-	1,638,635
Stock options exercised cashless	8a	7,068	53,250	(53,250)	-	-	-	-	-
Share based payment expense	8b,c,d	-	-	3,502,481	-	-	-	-	3,502,481
Issued for cash	8a	8,418,000	75,086,615	-	-	-	-	-	75,086,615
Currency translation adjustment	2k	-	-	-	(186,876)	-	(186,876)	-	(186,876)
Unrealized loss on marketable securities	4	-	-	-	-	(172)	(172)	-	(172)
Net loss		-	-	-	-	-	-	(16,133,203)	(16,133,203)
Total Comprehensive Loss		-	-	-	-	-	-	-	(16,320,251)
Balance, December 31, 2014		68,860,536	$257,023,003	$19,485,539	$ 784,258	$ 74,322	$ 858,580	$(112,076,482)	165,290,640

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

(expressed in US dollars unless otherwise stated)

	Note	For the year ended December 31, 2014	For the year ended December 31, 2013
OPERATING ACTIVITIES			
Loss for the year		$ (16,133,203)	(29,371,353)
Items not involving cash:			
Amortization	5	35,185	35,751
Deferred income tax (recovery) expense	15	(552,375)	4,234,722
Equity pick up from Associate	6	231,375	1,534,769
Exploration and evaluation assets written off	7	6,418,387	16,998,885
Impairment of investment in available-for-sale securities	4	227,640	243,112
Share based payment expense	8b,c,d	3,502,481	3,014,711
Unrealized foreign exchange loss (gain)		1,009,212	(1,529,421)
Changes in operating assets and liabilities			
Accounts receivable		399,300	(410,379)
Prepaid expenses		(75,026)	(96,976)
Trade and other payables		(100,138)	(258,096)
Net cash used in operating activities		(5,037,162)	(5,604,275)
INVESTING ACTIVITIES			
Investment in associate	6	(4,710,939)	(5,166,251)
Exploration and evaluation expenditures	7	(1,646,972)	(3,574,950)
Expenditures under Option to acquire Mineral interest	7	(3,054,850)	(988,393)
Purchase of equipment and leasehold improvements	5	(10,230)	(17,441)
Purchase of marketable securities	4	(106,200)	(263,705)
Net cash used in investing activities		(9,529,191)	(10,010,740)
FINANCING ACTIVITIES			
Issuance of common shares upon exercise of stock options	8	1,638,635	848,181
Issuance of common shares, net of share issue costs	8	75,086,615	-
Net cash from financing activities		76,725,250	848,181
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		(929,460)	(803,376)
INCREASE (DECREASE) IN CASH		61,229,437	(15,570,210)
CASH, BEGINNING OF YEAR		25,050,948	40,621,158
CASH, END OF YEAR		$ 86,280,385	25,050,948

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

MAG Silver Corp. (the "Company" or "MAG") was incorporated on April 21, 1999 under the Company Act of the Province of British Columbia and its shares were listed on the TSX Venture Exchange on April 21, 2000 and subsequently moved to a TSX listing on October 5, 2007.

The Company is an exploration and development company working on mineral properties in Mexico that it has either staked or acquired by way of option agreement. The Company has not yet determined whether these mineral properties contain any economically recoverable ore reserves. The Company defers all acquisition, exploration and development costs related to the properties on which it is conducting exploration. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the interests, and future profitable production, or alternatively, upon the Company's ability to dispose of its interests on a profitable basis.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Address of registered offices of the Company:
2600 – 595 Burrard Street
Vancouver, British Columbia,
Canada V7X 1L3

Head office and principal place of business:
770 – 800 West Pender Street
Vancouver, British Columbia,
Canada V6C 2V6

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented herein. The Company has changed the functional currency of the parent Company MAG effective July 1, 2014 (*Note 2(d) and 2(k)* below).

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments, which are stated at their fair value.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 25, 2015.

(a) Basis of consolidation

These consolidated Financial Statements include the accounts of the Company and its controlled subsidiaries. Control exists when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date that control is obtained up to the effective date of disposal or loss of control. The principal wholly-owned subsidiaries as at December 31, 2014 are Minera Los Lagartos, S.A. de C.V., Minera Pozo Seco S.A. de C.V., and Minera Sierra Vieja S.A. de C.V. All intercompany balances, transactions, revenues and expenses have been eliminated upon consolidation.

These consolidated financial statements also include the Company's 44% interest in the Juanicipio Joint Venture (*Note 6*), an associate (*Note 2(b)*) accounted for using the equity method.

Where necessary, adjustments have been made to the financial statements of the Company's subsidiaries and associates prior to consolidation, to conform the significant accounting policies used in their preparation to those used by the Company.

(b) Investments in Associates

The Company conducts a portion of its business through an equity interest in associates. An associate is an entity over which the Company has significant influence, and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for its investments in associates using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of earnings and losses of associates are recognized in profit or loss during the period. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

At the end of each reporting period, the Company assesses whether there is any evidence that an investment in associate is impaired. This assessment is generally made with reference to the timing of exploration work, work programs proposed, exploration results achieved, and an assessment of the likely results to be achieved from performance of further exploration by the associate. When there is evidence that an investment in associate is impaired, the carrying amount of such investment is compared to its recoverable amount. If the recoverable amount of an investment in associate is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings in the period the reversal occurs.

(c) Significant Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Significant estimates used in preparation of these financial statements include estimates of the net realizable value and any impairment of exploration and evaluation assets and of investment in associates, estimate of fair value of the option to acquire mineral interest, recoveries of receivable balances, provisions including closure and reclamation, share based payment expense, and income tax provisions. Actual results may differ from those estimated.

(d) Critical judgments

The Company reviews and assesses the carrying amount of exploration and evaluation assets, option to acquire mineral interest and its investment in associates for impairment when facts or circumstances suggest that the carrying amount is not recoverable. Assessing the recoverability of these amounts requires considerable professional technical judgement, and is made with reference to the timing of exploration work, work programs proposed, exploration results achieved by the Company and by others in the related area of interest, and an assessment of the likely results to be achieved from performance of further exploration (see *Notes 2(b), 2(e) and 2(g)*).

The Company has performed analysis of the functional currency for each subsidiary, and noted the majority of operating expenditures were either denominated in the United States dollar ("US$") or determined by the US$. Consequently, the Company concluded that the US$ is the currency that mainly influences the cost of providing goods and services in each of the Mexican subsidiaries of the Company, and in its Mexican Associate. On July 1, 2014, the Company reassessed the functional currency of its parent entity due to the changes in circumstances (see Note 2(k)) and the Company determined that the functional currency of its parent entity was the US$ as of July 1, 2014. The determination of the functional currency of the parent entity is one of significant judgement and took into account the primary and secondary indicators to determine the functional currency.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies financial instruments as either held-to-maturity, available-for-sale, fair value through profit or loss ("FVTPL"), loans and receivables, or other financial liabilities. Financial assets held to maturity, loans and receivables and other financial liabilities, are subsequently measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income ("OCI"). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss.

The Company has designated its cash as FVTPL, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Trade and other payables are classified as other liabilities, which are measured at amortized cost.

Marketable securities such as warrants, that meet the definition of a derivative are classified as FVTPL and are measured at fair value with unrealized gains and losses recognized in the statement of comprehensive loss. All of the Company's other marketable securities have been designated as available-for-sale, and are reported at fair value. Other comprehensive income includes the gains and losses from available-for-sale securities which are not included in profit or loss until realized, and currency translation adjustments on its net investment in foreign operations.

Available-for-sale financial assets are assessed at each reporting date for objective evidence of significant or prolonged decline in fair value requiring impairment. The evaluation includes an analysis of the fact and circumstances of the financial assets, the market price of the actively traded securities and other financial assets, the severity of the loss, the financial position and near-term prospects of the investment, length of time the fair value has been below costs, evidence that the carrying amount is recoverable within a reasonable period of time, management's intent and ability to hold the financial assets for a period of time sufficient to allow for any anticipated recovery of fair value and management's market view and outlook.

An option agreement to exercise the acquisition in shares of an entity, which holds an underlying mineral property interest, is a financial instrument. The option derivative is measured at fair value at each reporting period, unless the value of the derivative is not reliably measurable at which point the investment is recognized at its cost.

(f) Cash

Due to the low market interest rates available on deposits and the need to maintain resources liquid for the Company's ongoing exploration activities, management maintains the Company's cash in liquid high interest savings accounts.

(g) Exploration and evaluation assets

The Company is in the exploration stage with respect to its activities and accordingly follows the practice of capitalizing all costs relating to the acquisition, exploration and evaluation of its mining rights and crediting all revenues received against the cost of the related interests. Option payments made by the Company are capitalized until the decision to exercise the option is made. If the option agreement is to exercise a purchase option in an underlying mineral property, the costs are capitalized and accounted for as an exploration and evaluation asset. If the option agreement relates to the acquisition in shares of an entity, which holds an underlying mineral property interest, the option to acquire the shares in another entity is a financial instrument (see *(e) Financial instruments* above). At such time as commercial production commences, the capitalized costs will be depleted on a units-of-production method based on proven and probable reserves. If a mineable ore body is discovered, exploration and evaluation costs are reclassified to mining properties. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Exploration and evaluation expenditures include acquisition costs of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. This includes the costs incurred in determining the most appropriate mining/processing methods and developing feasibility studies.

Management reviews the carrying amount of exploration and evaluation assets for impairment when facts or circumstances suggest that the carrying amount is not recoverable. This review is generally made with reference to the timing of exploration work, work programs proposed, exploration results achieved by the Company and by others in the related area of interest, and an assessment of the likely results to be achieved from performance of further exploration. When the results of this review indicate that indicators of impairment exist, the Company estimates the recoverable amount of the deferred exploration costs and related mining rights by reference to the potential for success of further exploration activity and/or the likely proceeds to be received from sale or assignment of the rights. When the carrying amounts of exploration and evaluation assets are estimated to exceed their recoverable amounts, an impairment loss is recorded in the statement of loss. The cash-generating unit for assessing impairment is a geographic region and shall be no larger than the operating segment. If conditions that gave rise to the impairment no longer exist, a reversal of impairment may be recognized in a subsequent period, with the carrying amount of the exploration and evaluation asset increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in profit or loss in the period the reversal occurs.

(h) Equipment

Equipment is recorded at cost less accumulated amortization and impairment losses if any, and is amortized at the following annual rates:

Computer equipment	30% declining balance
Field equipment	30% declining balance
Leasehold improvements	straight line over lease term

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment, and depreciated over their respective useful lives.

(i) Income taxes

Deferred income taxes relate to the expected future tax consequences of unused tax losses and unused tax credits and differences between the carrying amount of statement of financial position items and their corresponding tax values. Deferred tax assets, if any, are recognized only to the extent that, in the opinion of management, it is probable that sufficient future taxable profit will be available to recover the asset. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of substantive enactment.

(j) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

(i) The Company has a present obligation (legal or constructive) as a result of a past event;

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation.

Constructive obligations are obligations that derive from the Company's actions where:

(i) By an established pattern of past practice, published policies or a sufficiently specific current statement, the Company has indicated to other parties that it will accept certain responsibilities; and

(ii) As a result, the Company has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Provisions are reviewed at the end of each reporting period and adjusted to reflect management's current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized. Where discounting has been used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase (accretion expense) is included in profit or loss for the period.

Closure and reclamation

The Company records a provision for the present value of the estimated closure obligations, including reclamation costs, when the obligation (legal or constructive) is incurred, with a corresponding increase in the carrying value of the related assets. The carrying value is amortized over the life of the mining asset on a units-of-production basis commencing with initial commercialization of the asset. The liability is accreted to the actual liability on settlement through charges each period to profit or loss.

The provision for closure and reclamation is reviewed at the end of each reporting period for changes in estimates and circumstances. There was no provision for closure and reclamation as at December 31, 2014 or December 31, 2013.

(k) Functional currency and presentation currency

Up until June 30, 2014, the functional currency of the parent company MAG was the Canadian dollar ("C$") and the functional currency of its Mexican subsidiaries and investment in associate was and remains the United States dollar ("US$").

Each entity within the Company determines its own functional currency, and the items included in the financial statements of each entity are measured using that functional currency. The functional currency determination involves certain judgments in evaluating the primary economic environment, and the Company reconsiders the functional currencies of each entity if there is a change in the underlying transactions, events and conditions which determine the primary economic environment.

On July 1, 2014, the Company reassessed the functional currency of its parent entity due to the changes that have occurred with the commencement of the Juanicipio underground development and the associated financing announced on June 26, 2014. The parent entity US$ expenditure and funding requirements related to the joint venture are now expected to increase significantly as the joint venture continues the mine development, which has changed the currency of the primary economic environment in which the parent entity operates. In addition, the parent MAG now holds the significant majority of its funds in US$. The Company determined that these changes in circumstances resulted in a change of the functional currency of its parent entity from the C$ to the US$ as of July 1, 2014. The Company applied the change to functional currency as of July 1, 2014 on a prospective basis.

The Company's reporting and presentation currency are the US$.

(l) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

(m) Loss per common share

Basic loss per share calculations is based on the weighted average number of common shares outstanding.

Diluted earnings per share are computed using the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of the incremental common shares upon the assumed exercise of stock options and warrants, and upon the assumed conversion of deferred share units and units issued under the Company's share unit plan, but are excluded from the computation if their effect is anti-dilutive.

As at December 31, 2014, the Company had 4,540,290 (December 31, 2013: 4,304,958) common share equivalents consisting of common shares issuable upon the exercise of outstanding exercisable stock options, restricted and performance share units, and deferred share units. These common share equivalents were not included for the purpose of calculating diluted earnings per share as their effect would be anti-dilutive.

(n) Share based payments

The fair value of all share-based payment expense and other share-based payments are estimated as of the date of the grant and are recorded in profit and loss over their vesting periods. The fair value of stock options is estimated using the Black-Scholes-Merton option valuation model. Share based payment awards with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

(o) Changes in Accounting Standards

(i) Adoption of new and amended IFRS Pronouncements

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") that are mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from those described below. The following new standards have been adopted with retrospective application (unless otherwise stated) effective January 1, 2014:

IFRIC 21 – *Levies,* an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* , clarifies that the obligating event, as defined by IAS 37, that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application did not result in an adjustment to the Company's consolidated financial statements.

(ii) Recent Accounting Pronouncements

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective. These include:

IFRS 9 *Financial Instruments*, which replaces the current standard, IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company has not early adopted this standard and is currently evaluating the impact this standard may have on its consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers.* The final standard on revenue from contracts with customers was issued on May 8, 2014 and is effective for annual reporting periods beginning after December 15, 2016 for public entities with early application permitted. Entities have the full option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

Annual Amendments. In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles to make necessary but non-urgent amendments to existing IFRSs. The amendments are effective for annual periods beginning on or after July 1, 2014; however, these amendments are not expected to have a significant impact on the Company's consolidated financial statements.

3. ACCOUNTS RECEIVABLE

	December 31, 2014	December 31, 2013
Goods and services tax ("GST") recoverable	$ 24,537	$ 15,481
Mexican value added tax ("IVA") recoverable	549,321	958,204
Interest receivable and other	9,515	8,988
	$ 583,373	$ 982,673

All amounts are expected to be recovered within a year.

4. MARKETABLE SECURITIES

The Company holds marketable securities designated as available-for-sale securities as follows:

	Cost	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Available-for-sale securities	$ 537,492	$ 364,584	$ 486,700

During the year ended December 31, 2014, the Company recorded an unrealized loss, net of nil taxes, of $172 in other comprehensive income (loss) (December 31, 2013: unrealized gain, net of tax, of $50,620) on marketable securities designated as available-for-sale instruments.

	December 31, 2014	December 31, 2013
Fair value, beginning of year	$ 486,700	$ 430,806
Purchase of marketable securities	106,200	263,705
Unrealized gain (loss) for the year	(172)	50,620
Impairment for the year	(227,640)	(243,112)
Translation adjustment to June 30, 2014 (Notes 2(k) and 10(c))	(504)	(15,319)
Fair value, end of year	$ 364,584	$ 486,700

Available-for-sale financial assets are assessed at each reporting date for objective evidence of a significant or prolonged decline in fair value, requiring impairment recognition. For the year ended December 31, 2014, after management’s review and based on objective evidence, an impairment of $227,640 (December 31, 2013: $243,112) was recognized in the consolidated statement of loss.

5. EQUIPMENT

Cost	Computer equipment	Field equipment	Leasehold improvements	Total
Balance as at January 1, 2013	$ 250,912	$ 162,844	$ 7,705	$ 421,461
Additions	7,900	9,541	-	17,441
Translation adjustment	(16,379)	(10,795)	(497)	(27,671)
Balance as at December 31, 2013	$ 242,433	$ 161,590	$ 7,208	$ 411,231
Additions	10,230	-	-	10,230
Translation adjustment to June 30, 2014 (Notes 2(k) and 10(c))	(550)	(515)	(23)	(1,088)
Balance December 31, 2014	**$ 252,113**	**$ 161,075**	**$ 7,185**	**$ 420,373**

Accumulated depreciation	Computer equipment	Field equipment	Leasehold improvements	Total
Balance as at January 1, 2013	$ 181,735	$ 131,779	$ 5,006	$ 318,520
Amortization for the period	22,417	11,846	1,488	35,751
Translation adjustment	(12,422)	(8,858)	(370)	(21,650)
Balance as at December 31, 2013	$ 191,730	$ 134,767	$ 6,124	$ 332,621
Amortization for the period	23,725	10,399	1,061	35,185
Balance as at December 31, 2014	**$ 215,455**	**$ 145,166**	**$ 7,185**	**$ 367,806**

Carrying amounts	Computer equipment	Field equipment	Leasehold improvements	Total
At December 31, 2013	$ 50,703	$ 26,823	$ 1,084	$ 78,610
At December 31, 2014	**$ 36,658**	**$ 15,909**	**$ -**	**$ 52,567**

6. INVESTMENT IN ASSOCIATE (“MINERA JUANICIPIO S.A. DE C.V.”)

Pursuant to an original option agreement dated July 18, 2002 and subsequent corporate transactions to acquire 100% of the Vendor Corporation, the Company acquired a 100% interest in the Juanicipio property effective July 16, 2003. Pursuant to a letter of intent dated March 17, 2005 and a formal agreement effective July 1, 2005 (the “Agreement”) with Industrias Peñoles, S.A. de C.V. (“Peñoles”), the Company granted Peñoles or any of its subsidiaries an option to earn a 56% interest in the Juanicipio Property in Mexico in consideration for Peñoles conducting $5,000,000 of exploration on the property over four years and Peñoles purchasing $1,000,000 of common shares of the Company in two tranches for $500,000 each.

In mid 2007, Peñoles met all of the earn-in requirements of the Agreement. In December 2007, the Company and Peñoles created an operating company named Minera Juanicipio, S.A. de C.V. (“Minera Juanicipio”) for the purpose of holding and operating the Juanicipio Property. In 2008, MAG was notified that Peñoles had transferred its 56% interest of Minera Juanicipio to Fresnillo plc (“Fresnillo”) pursuant to a statutory merger. Minera Juanicipio is held 56% by Fresnillo and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at December 31, 2014, as publicly reported.
In December 2007, all mineral rights and surface rights relating to the Juanicipio project held by the Company and Peñoles, respectively, were ceded into Minera Juanicipio. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio, and if either party does not fund pro-rata, their ownership interest will be diluted in accordance with the Minera Juanicipio shareholders agreement.

The Company has recorded its investment in Minera Juanicipio using the equity basis of accounting. The cost of the investment includes the carrying value of the deferred exploration and mineral and surface rights costs incurred by the Company on the Juanicipio Property and contributed to Minera Juanicipio plus the required net cash investment to establish and maintain its 44% interest.

The Company's investment relating to its interest in the Juanicipio property and Minera Juanicipio is detailed as follows:

	December 31, 2014	December 31, 2013
Project oversight expenditures incurred 100% by MAG	360,177	238,251
Cash contributions to Minera Juanicipio [1]	4,378,000	4,928,000
Total for the current year	4,738,177	5,166,251
Equity pick up of current loss for the year [2]	(231,375)	(1,534,769)
Balance, January 1, 2014 and 2013	23,093,221	19,502,181
	$ 27,600,023	$ 23,133,663
Translation adjustment to June 30, 2014 (Notes 2(k) and 10(c)(ii))	(1,870)	(40,442)
Balance, end of year	**$ 27,598,153**	**$ 23,093,221**

[1] Represents the Company's 44% share of Minera Juanicipio cash contributions for the year.
[2] Represents the Company's 44% share of Minera Juanicipio's loss for the year, as determined

Summary of financial information of Minera Juanicipio (on a 100% basis reflecting adjustments made by the Company, including adjustments for differences in accounting policies):

	December 31, 2014	December 31, 2013
Cash and short term investments	$ 417,860	$ 2,221,313
IVA and other receivables	3,617,014	2,226,360
Total current assets	4,034,874	4,447,673
Minerals, surface rights, exploration & development expenditures	57,594,111	46,508,163
Total assets	$ 61,628,985	$ 50,955,836
Payables to Peñoles and other vendors	$ 769,539	$ 188,353
Deferred income tax liability	4,015,936	3,488,112
Total liabilities	4,785,475	3,676,465
Shareholders equity	56,843,510	47,279,371
Total liabilities & equity	$ 61,628,985	$ 50,955,836

	December 31, 2014	December 31, 2013
Deferred income tax expense	$ -	$ 3,488,112
Exchange Loss	525,853	-
Net loss after deferred income taxes	$ 525,853	$ 3,488,112
MAG's 44% equity pick up	$ 231,375	$ 1,534,769

Evaluation and exploration expenditures and initial development expenditures, capitalized directly by Minera Juanicipio for the period ended December 31, 2014 amounted to $11,085,948 (December 31, 2013: $10,510,000).

There are no operating expenses or income in Minera Juanicipio, as all mineral, surface rights, and exploration and development expenditures are capitalized. The functional currency of Minera Juanicipio is the US$, and it is therefore exposed to a currency risk on the net monetary assets held in Pesos. As the Peso devalued significantly against the US$ during the year, Minera Juanicipio incurred an exchange loss of $525,853 of which 44% ($ 231,375) is attributable to MAG.

7. EXPLORATION AND EVALUATION ASSETS AND OPTION TO ACQUIRE MINERAL INTEREST

The Company has the following exploration and evaluation assets, including an option to acquire up to 70% of a company which holds the Salamandra property:

	Year ended December 31, 2014				
	Cinco de Mayo (a)	(Batopilas) Don Fippi (b)	Guigui (c)	**Total**	Salamandra (d)
Exploration and evaluation assets					
Acquisition costs of mineral & surface rights	$ 33,837	$ -	$ -	$ 33,837	$ 182,687
Camp and site costs	82,480	21,495	2,676	106,651	51,298
Community relations & legal	628,647	-	-	628,647	-
Convertible loan advances (d)	-	-	-	**-**	2,924,251
Geological & geophysical	178,197	32,960	33,709	244,866	212,526
Land taxes & gov't fees	186,110	44,120	89,281	319,511	50,227
Travel, transport & shipping	136,188	8,168	10,254	154,610	18,325
Total for the year	1,245,459	106,743	135,920	1,488,122	3,439,314
Balance January 1, 2014	46,082,175	6,311,644	3,016,942	55,410,761	1,065,075
Less: Amounts written-off	-	(6,418,387)	-	(6,418,387)	-
Less: Transferred to Convertible loan advance	-	-	-	-	(433,194)
Exchange difference	-	-	-	**-**	(263,166)
Balance, December 31, 2014	$ 47,327,634	$ -	$ 3,152,862	$ 50,480,496	$ 3,808,029

	Year ended December 31, 2013					
	Cinco de Mayo (a)	(Batopilas) Don Fippi (b)	Guigui (c)	Other	Total	Salamandra (d)
Exploration and evaluation assets						
Acquisition costs of mineral & surface rights	$ 98,919	$ -	$ -	$ 178,471	$ 277,390	$ 173,268
Camp and site costs	232,103	14,989	2,215	33,268	282,575	357,903
Community relations & legal	899,879	-	-	-	899,879	-
Drilling & drilling preparation	-	-	-	-	-	32,013
Geological & geophysical	525,438	55,467	14,502	107,407	702,814	433,983
Land taxes and gov't fees	153,192	42,367	93,817	557,898	847,274	36,488
Travel, transport & shipping	239,688	9,527	4,110	8,837	262,162	31,420
Total for the year	2,149,219	122,350	114,644	885,881	3,272,094	1,065,075
Balance January 1, 2013	43,932,956	6,189,294	2,902,298	16,113,004	69,137,552	-
Less: Amounts written off	-	-	-	(16,998,885)	(16,998,885)	-
Balance, December 31, 2013	$ 46,082,175	$ 6,311,644	$ 3,016,942	$ -	$ 55,410,761	$ 1,065,075

At December 31, 2014, trade and other payables includes exploration and evaluation asset expenditures of $154,447 (December 31, 2013: $334,789), a non-cash investing activity.

(a) Cinco de Mayo Property

Under the terms of an agreement dated February 26, 2004, the Company acquired a 100% interest in the Cinco de Mayo property (the “Cinco de Mayo Property”), subject to a 2.5% net smelter returns (“NSR”) royalty. During the year ended December 31, 2008, the Company acquired a 100% interest in certain additional mining concessions internal to the Cinco de Mayo Property from two separate vendors, for which the Company made a one-time payment of $350,000 for the concessions. During the year ended December 31, 2009, the Company acquired a 100% interest in certain additional mining concessions internal or adjacent to the Cinco de Mayo property from three separate vendors, for which the Company made a one-time payment of $362,000 for the concessions.

During the year ended December 31, 2010, the Company entered into two option agreements to earn a 100% interest in five additional mining concessions adjacent to the Cinco de Mayo property. The Company paid $40,000 upon executing the agreements, and further payments of $70,000 since then. In order to earn its 100% interest on these additional claims, the Company must pay an additional $110,000 in 2015 (Note 14).

During the year ended December 31, 2009, the Company also purchased 41 surface rights in the Cinco de Mayo area for $660,000 from local Ejido members, who along with the Federal Agrarian Authority ratified the purchase. The Company is awaiting formal title transfer of the surface rights, as certain members of the Ejido have since challenged the purchase and prevented the Company from obtaining the surface access permission required as part of a Federal Government exploration permit process. The Company believes this permit delay will be resolved and is working to permanently secure surface access with the Ejido.

To December 31, 2014, the Company has incurred $47,327,634 on exploration and evaluation costs on the property.

(b) Don Fippi (Batopilas) Property

The Company has a 100% interest in the Don Fippi mining concessions located in the Batopilas, Chihuahua district of Mexico, subject to a royalty of 2.5% of the net smelter returns obtained from the property. To December 31, 2014, the Company has incurred $6,418,387 on exploration and evaluation costs on the property and had recognized a deferred tax liability of $552,375 upon the enactment of Mexican tax reform in 2013.

A review of the past exploration results on the property failed to meet the Company's criteria for continued exploration on the property. With a strategic refocusing by the Company on its core properties that began in 2013, and due to the lack of any third party interest in the property, the Don Fippi claims and expenditures totaling $6,418,387 were written off in the year ended December 31, 2014. As a result of the write off, a deferred tax recovery of $552,375 was recognized.

(c) Guigui Property

The Guigui project is a 100% interest in a 4,500-hectare property in the Santa Eulalia Mining District of Chihuahua, Mexico, and is subject to a royalty of 2.5% of the net smelter returns obtained from the property. The Company filed and obtained an additional 3,800 hectare "Guiguito" concession in 2013, and the combined property now consists of roughly 8,300 hectares.

To December 31, 2014, the Company has incurred $3,152,862 on exploration and evaluation costs on the property.

(d) Option to Acquire Mineral Interest (Salamandra Property)

In 2013, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil") whereby the Company can earn up to a 70% interest in CRD Minerals Corp., a company which owns Canasil's 14,719 hectare Salamandra property located in Durango State, Mexico. The Company paid Canasil C$150,000 upon signing the agreement and a further C$150,000 upon the first anniversary of the agreement. To earn an initial 55% interest in the property, the Company must make additional cash payments to Canasil of C$450,000 over the next two annual anniversary dates of the agreement, and complete C$5,500,000 in exploration expenditures by May 23, 2017. As of December 31, 2014 the Company had drilled 10,112 metres on the property, and incurred C$4.4 million in eligible exploration expenditures under the terms of the option agreement.

Upon earning its 55% interest, the Company may elect to earn a further 15% interest by producing either a feasibility study or spending an additional C$20,000,000 over a further four year period. A portion of the property is subject to a 2% NSR royalty, half of which may be purchased from the holder for $1,000,000.

Under the terms of the earn in agreement, the Company's required exploration expenditures are to be incurred through advances to CRD Minerals Corp., which are then advanced to a Mexican operating subsidiary in order to incur the property expenditures. The advances are by way of convertible loan to CRD Minerals Corp., which is non-interest bearing and payable by way of loan conversion of C$5,500,000 into common shares representing 55% (and further amounts as outlined above, in exchange for a further 15%) interest in CRD Minerals Corp. If MAG does not exercise its earn in option under the convertible loan, any such advances shall be forfeited under the terms of the agreement.

To December 31, 2014, advances to CRD Minerals Corp. and direct exploration expenditures totaled $3,808,029 under the Company's option to acquire mineral interest. Given the early stage of the exploration work on the project, this amount represents management's best estimate of the fair value of the option to acquire a mineral interest at December 31, 2014.

During the year ended December 31, 2013, the Company wrote down exploration and evaluation assets totaling $12,642,486 for the Lagartos claims as well as $4,356,399 relating to the Lorena and Nuevo Mundo claims, and the Mojina earn in option. The previous year's write offs were undertaken as part of a strategic refocusing by the Company on its core properties.

8. SHARE CAPITAL

(a) Issued and outstanding

At December 31, 2014, there were 68,860,536 shares outstanding (December 31, 2013: 60,141,718).

On July 16, 2014, the Company closed a bought deal public offering of 7,712,000 common shares, including 392,000 common shares issued on partial exercise of an over-allotment option, at C$10.25 per share, for gross proceeds of $73,376,306 (C$79,048,000). On August 18, 2014, the remaining over-allotment option granted to the underwriters to purchase up to an additional 706,000 common shares was exercised in full for additional gross proceeds of $6,640,819 (C$7,236,500) for total gross proceeds of $80,017,125. The Company paid a 5% commission to the underwriters of $4,000,856 and legal and filing costs totaled an additional $929,654, resulting in net proceeds of $75,086,615.

During the year ended December 31, 2014, 293,750 stock options were exercised for cash proceeds of $1,638,635 (for the year ended December 31, 2013, 117,883 stock options were exercised for cash proceeds of $848,181). During the year ended December 31, 2014, 24,668 additional stock options were exercised under a cashless exercise provision of the plan, whereby 7,068 shares were issued in settlement of the stock options (December 31, 2013 – nil).

(b) Stock options

The Company has entered into Incentive Stock Option Agreements ("Agreements") with directors, officers, employees and consultants. At the Annual General and Special Meeting ("AGSM") of the Shareholders held on June 24, 2014, the Shareholders re-approved the Company's 8% rolling Stock Option Plan (the "Plan"). The maximum number of common shares that may be issuable under the Plan is set at 8% of the number of issued and outstanding common shares on a non-diluted basis at any time, provided that (i) the number of common shares issued or issuable under all share compensation arrangements (including under the Share Unit Plan and Deferred Share Unit Plan – see Notes 8 (c) and 8(d), respectively) shall not exceed 8% of the issued and outstanding common shares on a non-diluted basis. Options granted under the Plan have a maximum term of 5 years. As at December 31, 2014, there are 3,761,540 stock options outstanding under the Plan and 600,000 inducement options outstanding outside of the Plan.

The following table summarizes the Company's option activity for the period:

	Year ended December 31, 2014	Weighted average exercise price (C$/option)	Year ended December 31, 2013	Weighted average exercise price (C$/option)
Balance outstanding, beginning of year	4,304,958	$ 8.17	3,963,717	$ 9.57
Granted [1]	375,000	9.93	1,472,000	5.94
Expired	-	-	(472,876)	11.65
Forfeited	-	-	(540,000)	9.02
Exercised for cash [2]	(293,750)	6.19	(117,883)	7.25
Exercised cashless [2]	(24,668)	5.63	-	-
Balance outstanding, end of year	4,361,540	$ 8.47	4,304,958	$ 8.17

[1] During the year ended December 31, 2014, 375,000 stock options were granted (December 31, 2013: 1,472,000), with a weighted average exercise price of C$9.93 (December 31, 2013: C$5.94) and a fair value of $1,285,993 (December 31, 2013: $2,997,047) or $3.43 (December 31, 2013: $2.04) per option as of the grant date.

(2) During the year ended December 31, 2014, 318,418 stock options were exercised (December 31, 2013: 117,883), with a weighted average market share price at the time of exercise of C$8.66 per share (December 31, 2013: C$10.84).

The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions:

For options granted in the year ended:	December 31, 2014	December 31, 2013
Risk-free interest rate	1.49%	1.69%
Expected volatility (1)	53%	51%
Expected dividend yield	nil	nil
Expected life (years)	3	3

(1) Expected volatility is measured based on the Company's historical share price volatility over the expected life of the options.

Stock option grants are approved, in accordance with the terms of the Plan, by the Compensation Committee consisting of three independent members of the Board of Directors. At the time of a stock option grant the exercise price of each option is set, and in accordance with the Plan, cannot be lower than the market value of the common shares at the date of grant.

During the year ended December 31, 2014, the Company recorded share based payment expense of $2,132,705 (December 31, 2013: $3,014,711) relating to stock options vested to employees and consultants in the period.

The following table summarizes the Company's stock options outstanding and exercisable as at December 31, 2014:

	Exercise price ($C/ option)	Number outstanding at December 31 2014	Number exercisable at December 31 2014	Weighted average remaining contractual life (years)
(1)	5.35	500,000	333,334	3.79
	5.86	858,800	658,800	3.46
	6.95	185,000	185,000	0.65
	7.42	219,600	219,600	0.24
	8.90	35,000	35,000	4.67
	9.15	603,855	603,855	2.59
(1)	9.61	100,000	66,667	3.17
	9.92	564,285	564,285	0.98
	10.04	340,000	155,000	4.50
	10.44	640,000	640,000	1.67
	11.89	15,000	15,000	0.99
	12.19	300,000	300,000	2.76
		4,361,540	3,776,541	2.54

(1) Inducement options issued outside the Company's Plan as an incentive to attract senior officers for employment.

(c) Restricted and performance share units

At the AGSM of the Shareholders held on June 24, 2014, the Shareholders approved a new share unit plan (the "Share Unit Plan") for the benefit of the Company's employees and consultants. The Share Unit Plan provides for the issuance of common shares from treasury, in the form of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). The maximum number of common shares that may be issuable under the Share Unit Plan is set at 0.75% of the number of issued and outstanding common shares on a non-diluted basis, provided that (i) the number of common shares issued or issuable under all share compensation arrangements (including under the Plan and Deferred Share Unit Plan – see Notes 8 (b) and 8(d), respectively) shall not exceed 8% of the issued and outstanding common shares on a non-diluted basis. RSUs and PSUs granted under the Share Unit Plan have a term of 5 years, unless otherwise specified by the Board.

During the year ended December 31, 2014, 55,278 RSUs (December 31, 2013 – nil) were granted under the Company's Share Unit Plan, vesting 1/3 upon grant, 1/3 in 12 months, and 1/3 in 24 months, and with a grant date fair value of C$10.04 (December 31, 2013: $nil) per RSU. The fair value of the RSUs was determined using the fair market value of the common shares on the date of grant, resulting in a share-based payment expense in the year ended December 31, 2014 of $299,825 (December 31, 2013: $nil).

As at December 31, 2014, there are 55,278 RSUs issued and outstanding under the Share Unit Plan, 18,426 of which have vested and are convertible into common shares of the Company.

(d) Deferred share units

At the AGSM of the Shareholders held on June 24, 2014, the Shareholders approved a new Deferred Share Unit Plan (the "DSU Plan") for the benefit of the Company's non-executive directors. The DSU Plan provides for the issuance of common shares from treasury, in the form of Deferred Share Units ("DSUs"). Directors may also elect to receive a portion of their annual retainer and meeting fees in the form of DSUs. DSUs may be settled in cash or in common shares issued from treasury, as determined by the Board at the time of the grant. The maximum number of common shares that may be issuable under the DSU Plan is set at 0.75% of the number of issued and outstanding common shares on a non-diluted basis, provided that (i) the number of common shares issued or issuable under all share compensation arrangements (including under the Plan and the Share Unit Plan – see Notes 8 (b) and 8(c), respectively) shall not exceed 8% of the issued and outstanding common shares on a non-diluted basis.

During the year ended December 31, 2014, 123,472 DSUs (December 31, 2013: $nil) were granted under the Company's DSU plan, with a weighted average grant date fair value of C$9.41 per DSU. The fair value of the DSUs was determined using the fair market value of the common shares on the date of grant, resulting in a share-based payment expense in the year ended December 31, 2014 of $1,069,951 (December 31, 2013: $nil). The DSUs granted in the period are to be share settled and vest immediately, but under the DSU plan, no common shares are to be issued, or cash payments made to, or in respect of a participant in the DSU Plan prior to such eligible Director's termination date.

As at December 31, 2014, there are 123,472 DSUs issued and outstanding under the DSU Plan.

As at December 31, 2014, there are 3,940,290 common shares issuable under the combined share compensation arrangements referred to above (the Plan, the Share Unit Plan and the DSU Plan) representing 5.72% of the issued and outstanding common shares on a non-diluted basis, and there are 1,568,553 share based awards available for grant under these combined share compensation arrangements.

9. CAPITAL RISK MANAGEMENT

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of its equity (comprising of share capital, share option reserve, accumulated other comprehensive income and deficit), net of cash.

Capital as defined above is summarized in the following table:

	December 31, 2014	December 31, 2013
Equity	$ 165,290,640	$ 101,383,160
Cash	(86,280,385)	(25,050,948)
	$ 79,010,255	$ 76,332,212

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company does not pay out dividends.

As at December 31, 2014, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently has sufficient working capital ($87 million) to maintain all of its properties and currently planned programs for a period in excess of the next year. In management's opinion, the Company is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its project related expenditures (see Note 14), as it is unlikely that the Company will generate sufficient operating cash flows to meet all of its future expenditure requirements. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.

10. FINANCIAL RISK MANAGEMENT

The Company's operations consist of the acquisition, exploration and development of projects in the Mexican silver belt. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

(i) Trade credit risk
The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant trade credit risk and overall the Company's credit risk has not changed significantly from the prior year.

(ii) Cash
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

(iii) Mexican value added tax

As at December 31, 2014, the Company had a receivable of $549,321 from the Mexican government for value added tax (Note 3). Included in this balance is $337,254 older than one year, however, $266,572 of that amount has been recovered subsequent to December 31, 2014. Management expects the balance to be fully recoverable within the next year.

The Company's maximum exposure to credit risk is the carrying value of its cash and accounts receivable, as follows:

	December 31 2014	December 31 2013
Cash	$ 86,280,385	$ 25,050,948
Accounts receivable (see Note 3)	583,373	982,673
	$ 86,863,758	$ 26,033,621

(b) Liquidity risk

The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements, its exploration and development plans, and its various optional property and other commitments (see Notes 6, 7 and 14). The annual budget is approved by the Board of Directors. The Company ensures that there are sufficient cash balances to meet its short-term business requirements.

The Company's overall liquidity risk has not changed significantly from the prior year.

(c) Currency risk

The Company is exposed to the financial risks related to the fluctuation of foreign exchange rates, both in the Mexican Peso and Canadian dollar, relative to the US$. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates. The Company is also exposed to inflation risk in Mexico.

Exposure to currency risk

As at December 31, 2014, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable entity:

December 31, 2014	Mexican peso	Canadian dollar
Cash	$ 690,924	$ 8,442,802
Accounts receivable	549,321	34,052
Prepaid	16,796	-
Marketable securities	-	364,584
Loans receivable	-	396,807
Option to acquire mineral interest	-	3,808,029
Accounts payable	(145,666)	(291,609)
Net assets exposure (US$ equivalent)	$ 1,111,375	$ 12,754,665

December 31, 2013 [1]	Mexican peso	US dollar
Cash	$ 65,739	$ 16,258,778
Accounts receivable	958,204	-
Prepaid	14,321	-
Accounts payable	(256,283)	(118,178)
Net assets exposure (US$ equivalent)	$ 781,981	$ 16,140,600

[1] As at December 31, 2013, the functional currency of the MAG parent company was the Canadian dollar (see Note 2(d) and 2(k) above).

Mexican Peso relative to the US$

Although the majority of operating expenses in Mexico are both determined and denominated in US$, an appreciation in the Mexican Peso relative to the US$ will slightly increase the Company's cost of operations in Mexico related to those operating costs denominated and determined in Mexican pesos. Alternatively, a depreciation in the Mexican peso relative to the US$ will decrease the Company's cost of operations in Mexico related to those operating costs denominated and determined in Mexican pesos.

An appreciation/depreciation in the Mexican peso against the US$ will also result in a gain/loss to the extent that the Company holds net monetary assets in Pesos. Specifically, the Company's foreign currency exposure is comprised of peso denominated cash and value added taxes receivable, net of trade and other payables. The carrying amount of the Company's net peso denominated monetary assets at December 31, 2014 is 16,375,880 pesos (December 31, 2013: 10,216,732 pesos). A 10% appreciation in the peso against the US$ would result in gain at December 31, 2014 of $111,137 (December 31, 2013: $78,198), while a 10% depreciation in the peso relative to the US$ would result in an equivalent loss.

C$ relative to the US$

With the of change functional currency of the parent company MAG from the Canadian dollar to the US$ on July 1, 2014 (see Note 2(k)), the Company is now exposed to gains and losses from fluctuations in the C$ relative to the US$.

As general and administrative overheads in Canada are denominated in C$, an appreciation in the C$ relative to the US$ will increase the Company's overhead costs as reported in US$. Alternatively, a depreciation in the C$ relative to the US$ will decrease the Company's overhead costs as reported in US$.

An appreciation/depreciation in the C$ against the US$ will result in a gain/loss to the extent that MAG, the parent entity, holds net monetary assets in C$. The carrying amount of the Company's net Canadian denominated monetary assets at December 31, 2014 is C$14,796,597 (December 31, 2013: C$10,285,695). A 10% appreciation in the C$ against the US$ would result in gain at December 31, 2014 of $1,275,465, while a 10% depreciation in the C$ relative to the US$ would result in an equivalent loss.

(d) Interest rate risk

The Company's interest revenue earned on cash is exposed to interest rate risk. A decrease in interest rates would result in lower relative interest income and an increase in interest rates would result in higher relative interest income.

11. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

The Company's financial instruments include cash, accounts receivable, marketable securities, option to acquire mineral interest and trade and other payables. The carrying values of cash, accounts receivable, and trade and other payables reported in the consolidated statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value as described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices in Level 1 such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's financial assets and liabilities are categorized as follows:

	Year ended December 31, 2014			
	FVTPL	Available for sale	Loans and receivables	Total
Financial assets				
Cash	$ 86,280,385	-	-	$ 86,280,385
Accounts receivables (Note 3)	-	-	583,373	583,373
Marketable securities (Note 4)	-	364,584	-	364,584
Option to acquire				
mineral interest (Note 7(d))	3,808,029	-	-	3,808,029
Financial liabilities				
Trade and other payables	-	-	550,509	550,509

	Year ended December 31, 2013			
	FVTPL	Available for sale	Loans and receivables	Total
Financial assets				
Cash	$ 25,050,948	-	-	$ 25,050,948
Accounts receivables (Note 3)	-	-	982,673	982,673
Marketable securities (Note 4)	-	486,700	-	486,700
Option to acquire				
mineral interest (Note 7(d))	1,065,075	-	-	1,065,075
Financial liabilities				
Trade and other payables	-	-	830,989	830,989

The Company's financial assets or liabilities as measured in accordance with the fair value hierarchy described above are:

	Year ended December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash	$ 86,280,385	-	-	$ 86,280,385
Marketable securities (Note 4)(1)	364,584	-	-	364,584
Option to acquire				
mineral interest (Note 7(d))	-	-	3,808,029	3,808,029
	$ 86,644,969	$ -	$ 3,808,029	$ 90,452,998

	Year ended December 31, 2013			
	Level 1 [(1)]	Level 2	Level 3	Total
Cash	$ 25,050,948	$ -		$ 25,050,948
Marketable securities (Note 4) [(1)]	486,700	-		486,700
Option to acquire				
mineral interest (Note 7(d))			1,065,075	1,065,075
	$ 25,537,648	$ -	$ 1,065,075	$ 26,602,723

[(1)] The fair value of available-for-sale marketable securities (Note 4) is determined based on a market approach reflecting the closing price of each particular security as at the statement of financial position date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale securities are classified within Level 1 of the fair value hierarchy.

There were no transfers between levels 1, 2 and 3 during the year ended December 31, 2014 or during year ended December 31, 2013.

12. SEGMENTED INFORMATION

The Company operates in one operating segment, being the exploration of mineral properties in Mexico. Substantially all of the Company's long term assets are located in Mexico and the Company's executive and head office is located in Canada.

13. RELATED PARTY TRANSACTIONS

The Company does not have offices or direct personnel in Mexico, but rather is party to a Field Services Agreement, whereby it has contracted administrative and exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("IMDEX"). Up until June 24, 2014, these companies had a common director (Dr. Peter Megaw, who did not stand for re-election at the June 24, 2014 AGSM) with the Company. Dr. Megaw has since been appointed Chief Exploration Officer of the Company, although he continues to be remunerated through IMDEX as outlined below. Dr. Megaw is also a principal of both IMDEX and Cascabel. All transactions are incurred in the normal course of business, and are negotiated on terms between the parties which represent fair market value for all services rendered. A significant portion of the expenditures are incurred on the Company's behalf, and are charged to the Company on a "cost + 10%" basis typical of industry standards.

The Company accrued or paid Cascabel and IMDEX the following fees under the Field Services Agreement:

For the year ended December 31			2014	2013
	Cascabel & IMDEX	IMDEX related to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$ 205,760	$ 226,983	$ 432,743	$ 315,662
Exploration management, field costs and cost reimbursements (at cost + 10%) - MAG properties (1)	919,298	192,931	1,112,229	2,160,051
	$ 1,125,058	$ 419,914	$ 1,544,972	$ 2,475,713

(1) Does not include drilling and assays, which are contracted out independently from Cascabel & IMDEX.

Included in trade and other payables at December 31, 2014 is $135,984 related to these services (December 31, 2013: $262,527).

The Company is obligated to a 2.5% NSR royalty on the Cinco de Mayo property payable to the principals of Cascabel under the terms of an option agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property from Cascabel, and under the terms of assignment agreements entered into by Cascabel with its principals. The Company is also obligated to a 2.5% NSR royalty to Cascabel on the Guigui mining concessions.

Upon the retirement of Dan MacInnis, former President & Chief Executive Officer, on October 15, 2013, the Company entered into a consulting contract with a private company controlled by Mr. MacInnis who remains a director of the Company, to which it accrued or paid consulting fees of C$548,232 in the year ended December 31, 2014 (December 31, 2013: C$114,215). Included in trade and other payables at December 31, 2014 is C$47,970 related to these services (December 31, 2013: C$119,926). The consulting contract expired on December 31, 2014.

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The immediate parent and ultimate controlling party of the consolidated group is MAG Silver Corp. (incorporated in British Columbia, Canada).

The details of the Company's subsidiaries and ownership interests are as follows:

Significant subsidiaries of the Company are as follows:

			MAG' effective interest	
Name	Country of Incorporation	Principal Activity	2014 (%)	2013 (%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Pozo Seco S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Sierra Vieja S.A. de C.V.	Mexico	Exploration	100%	100%

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio"), created for the purpose of holding and operating the Juanicipio Property, is held 56% by Fresnillo plc ("Fresnillo") and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at December 31, 2014, as publicly reported. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio (see Note 6).

Compensation of Key Management Personnel including Directors

During the year, compensation of key management personnel was as follows:

	Year ended December 31,	
	2014	2013
Salaries and other short term employee benefits	$ 2,147,310	$ 1,198,236
Share based payments (Note 8(b), (c), and (d))	2,644,755	2,541,720
	$ 4,792,065	$ 3,739,956

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consists of its Directors, the Chief Executive Officer and the Chief Financial Officer.

14. COMMITMENTS

As at December 31, 2014, the Company's minimum lease payments under its office lease agreement and its contractual obligations for optional mineral property acquisition payments and optional exploration work are as follows:

	Office Lease	Property Option Payments (Note 7)	Exploration Commitments (Note 7)	Total
2015	141,390	282,400	-	423,790
2016	133,042	215,500	-	348,542
2017	148,881	-	860,803	1,009,684
2018	152,631	-	-	152,631
2019	156,378	-	-	156,378
	$ 732,322	$ 497,900	$ 860,803	$ 2,091,025

As these consolidated financial statements have been prepared using the accrual basis of accounting (except for cash flow information), these commitments are not recorded as liabilities until incurred or until due under the terms of the option agreement.

The Company could be subject to various investigations, claims and legal and tax proceedings covering matters that arise in the ordinary course of business activities. Each of these matters would be subject to various uncertainties and it is possible that some matters may be resolved unfavourably to the Company. Certain conditions may exist as of the date of the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company is not aware of any such claims or investigations, and as such has not recorded any related provisions and does not expect such matters to result in a material impact on the results of operations, cash flows and financial position.

Other contractual obligations include a 2.5% NSR royalty under the terms of an agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the Cinco de Mayo property, and a 2.5% NSR royalty on the interest in the Guigui mining concessions (Note 7).

The Company makes cash deposits to Minera Juanicipio from time to time as cash called by operator Fresnillo (Note 6). The scale and scope of the Juanicipio project could require development capital in the years ahead exceeding the Company's on hand cash resources. It is unlikely that the Company will generate sufficient operating cash flow to meet these ongoing obligations in the foreseeable future. Accordingly the Company may need to raise additional capital by issuance of equity in the future.

15. INCOME TAXES

The income taxes recognized in profit or loss is as follows:

	December 31 2014	December 31 2013
Current tax recovery (expense)	$ -	$ -
Deferred tax recovery (expense)	552,375	(4,234,722)
Total income tax (expense) recovery	**$ 552,375**	**$ (4,234,722)**

The deferred tax expense for the years ended December 31, 2014 and December 31, 2013 relate to the impact of tax reforms enacted in Mexico during fiscal 2013 that were effective January 1, 2014. The deferred tax expenses and the corresponding deferred income tax liabilities are non-cash items and will only be realized once the Company's exploration properties are developed and in production.

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax provision due to the following:

	2014	2013
Loss for the year before income taxes	$ (16,685,578)	$ (25,136,631)
Statutory tax rate	26.00%	25.75%
Recovery of income taxes computed at statutory rates	$ 4,338,250	$ 6,472,683
Share based payments	(910,645)	(761,022)
Mexican inflationary adjustments	(1,376,120)	(1,187,686)
Higher effective tax rate on loss in foreign jurisdiction	337,875	828,555
Impact of change in statutory tax rates	-	457,621
Unrecognized deferred tax assets	1,276,135	(6,883,902)
Mexican income tax impact of mining royalty in Mexico	(165,712)	1,270,417
Impact of foreign exchange and other	(3,499,783)	(196,665)
Impact of 7.5% mining royalty in Mexico	552,375	(4,234,722)
Total income tax (expense) recovery	**$ 552,375**	**$ (4,234,722)**

The approximate tax effect of each item that gives rise to the Company's unrecognized and recognized deferred tax assets and liabilities as at December 31, 2014 and 2013 are as follows:

	December 31 2014	December 31 2013
Tax Losses - deferred tax assets	7,063,969	3,708,901
Excess of book value of exploration and evaluation assets and investment in associate over tax values	(10,746,316)	(7,943,623)
Net deferred tax liability	**(3,682,347)**	**(4,234,722)**

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

	2014	2013
Tax losses and tax values in excess of book values	$ 33,564,524	$ 43,543,389
Excess of tax value of exploration and evaluation assets over book values	18,175,662	14,843,103
Financing fees	4,401,358	1,599,044
Cumulative eligible capital	519,109	608,819
Other	661,273	537,609
Total	**$ 57,321,926**	**$ 61,131,964**

At December 31, 2014, the Company has non-capital loss carry forwards in Canada aggregating $28,697,000 (2013: $29,839,000) which expire over the period between 2015 to 2034, available to offset future taxable income in Canada, and the Company has capital loss carry forwards in Canada of $218,000 (2013: $237,000) which are available only to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.

At December 31, 2014, the Company has tax loss carry forwards in Mexico aggregating $28,826,000 (2013: $21,832,769) which expire over the period 2019 to 2024, available to offset future taxable income in Mexico.

At December 31, 2014, the Company has $843,865 (2013: $241,877) included in cash that is held by foreign subsidiaries, and hence not available to fund domestic operations unless the funds were repatriated. There are no taxes payable on the funds should the Company choose to repatriate them, however, the Company does not intend to repatriate these funds in the next year.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Company:

a) Issued 239,100 common shares pursuant to the exercise of stock options between C$6.95 to C$9.15 for proceeds of C$1,771,872; and,

b) Issued 73,440 common shares in settlement of 220,500 stock options exercised under a cashless exercise provision of the plan.



MAG SILVER CORP.

Management's Discussion & Analysis
For the year ended December 31, 2014

Dated: March 25, 2015

A copy of this report will be provided to any shareholder who requests it.

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OVERVIEW

MAG Silver Corp. ("MAG" or the "Company") is a mineral exploration and predevelopment company focused on the acquisition, exploration and development of district scale projects located within the Mexican silver belt. The Company is based in Vancouver, British Columbia, Canada, and its common shares trade on the Toronto Stock Exchange under the symbol MAG and on the NYSE MKT (formerly NYSE.A) under the symbol MVG. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador and is a reporting "foreign issuer" in the United States of America.

The following Management Discussion and Analysis ("MD&A") focuses on the financial condition and results of operations of the Company for the years ended December 31, 2014 and 2013. It is prepared as of March 25, 2015 and should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2014 and 2013, together with the notes thereto.

All dollar amounts referred to in this MD&A are expressed in United States dollars ("US$") except where indicated as otherwise.

The Company believes it is a Passive Foreign Investment Company ("PFIC"), as that term is defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended, and believes it will be a PFIC for the foreseeable future. Consequently, this classification may result in adverse tax consequences for U.S. holders of the Company's common shares. For an explanation of these effects on taxation, U.S. shareholders and prospective U.S. holders of the Company's common shares are encouraged to consult their own tax advisers.

Unless otherwise specifically noted herein, all scientific or technical information in this MD&A, including reserve estimates was based upon information prepared by or under the supervision of Dr. Peter Megaw, Ph.D., C.P.G., a certified professional geologist who i **s** a "Qualified Person" for purposes of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("National Instrument 43-101" or "NI 43-101"). Dr. Megaw is not independent as he is an officer and a paid consultant of the Company, and was a director of the Company up until June 24, 2014 (see Related Party Transactions below).

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this MD&A, including any information relating to the Company's future oriented financial information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively "forward-looking statements"). All statements in this MD&A, other than statements of historical facts are forward-looking statements, including statements that address estimates of future production levels, expectations regarding mine production and development programs and capital costs, expected trends in mineral prices and statements that describe future plans, objectives or goals. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from results projected in such forward-looking statements, including, but not limited to, changes in commodities prices, changes in mineral production performance, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions, political risk, currency risk, capital cost inflation and those other risks and uncertainties identified under the heading "Risks and Uncertainties" in this MD&A and other risk factors and forward-looking statements listed in the Company's most recently filed Annual Information Form ("AIF").

Although the Company believes the expectations expressed in such forward-looking statements are based on what the Company's management considers to be reasonable assumptions, based on the information currently available to it, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Assumptions have been made including, but not limited to, the Company's ability to carry on its various exploration and development activities including project development timelines, the timely receipt of required approvals and permits, the price of the minerals the Company produces, the costs of operating and exploration expenditures, the impact on operations of the new Mexican Tax Regime, and the Company's ability to obtain adequate financing. The Company cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. The forward-looking statements in this MD&A speak only as of the date hereof and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. There is no certainty that any forward-looking statement will come to pass and investors should not place undue reliance upon forward-looking statements. More information about the Company including its AIF and recent financial reports is available on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's EDGAR website at www.sec.gov.

Cautionary Note to Investors Concerning Estimates of Indicated and Inferred Mineral Resources

This MD&A uses the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". MAG advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize these terms. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Mineral Resources" have a great amount of uncertainty as to their existence. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral reserves and, accordingly, Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a "Preliminary Economic Assessment" as defined under NI 43-101. Investors are cautioned not to assume that part or all of an Inferred Resource exists, or is economically or legally mineable.

SELECTED ANNUAL INFORMATION AND OVERALL PERFORMANCE

The following table summarizes selected financial data for the Company's three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements and related notes thereto. All figures are reported under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012
Revenues[1]	$237,635	$175,995	$213,742
Net Loss[2]	($16,133,203)	($29,371,353)	($12,314,322)
Net Loss per Share	($0.25)	($0.49)	($0.22)
Total Assets[3]	$169,523,496	$106,448,871	$130,550,840
Long Term Debt	Nil	Nil	Nil
Dividends[4]	Nil	Nil	Nil

Notes:

(1) The Company's only source of revenue during the years ending December 31, 2012 to 2014 was interest income from high interest savings accounts held by the Company. The amount of interest earned correlates directly to the amount of cash on hand during the year referenced and prevailing interest rates. The Company does not have any operating revenues.

(2) The Company's normal course of business is to explore and evaluate its mineral properties as appropriate. The loss variation above reflects, amongst other things, the periodic write-down of exploration and evaluation assets (a non-cash charge), share based payment expense (a non-cash charge), and fluctuations in activity levels. The current year's net loss includes $6,418,387 in exploration and evaluation assets written off (see "*Results of Operations*" below) compared to $16,998,885 and $3,364,479 in 2013 and 2012 respectively, and share based payment expense of $3,502,481 compared to $3,014,711 and $3,409,001 in 2013 and 2012 respectively.

(3) At the end of 2014, the Company held $86,280,385 in cash compared to $25,050,948 at December 31, 2013 and $40,621,158 at December 31, 2012, and the Company had $50,480,496 in exploration and evaluation assets compared to $55,410,761 at December 31, 2013 and $69,137,552 at December 31, 2012. Total assets increased from December 31, 2013 to December 31, 2014 as a result of the Company's higher cash balance as at December 31, 2014 reflective of a bought deal financing completed during the year (see '*Liquidity and Capital Resources*' below). No financings were completed in the year ended December 31, 2013. The decreased exploration and evaluation assets are reflective of the non-core property write offs in the years ended December 31, 2014 and 2013 (see '*Financial Performance*' and '*Results of Operations*' below).

(4) The Company has not declared or paid dividends on its common shares, and has no intent on paying dividends in the near future, as it anticipates that all available funds will be used to finance the operations and growth of its business.

FINANCIAL PERFORMANCE

At December 31, 2014, the Company had working capital of $87,033,742 (compared to $25,970,215 at December 31, 2013), including cash of $86,280,385 (compared to $25,050,948 at December 31, 2013). The increase in cash on hand over the prior period is a result of a bought deal public financing that closed on July 16, 2014 along with the balance of the overallotment option that closed on August 18, 2014, for combined gross proceeds of Canadian dollars ("C$") $86,284,500 (see *Liquidity and Capital Resources* below). Net proceeds from the offering were C$80,974,635, of which C$76,875,000 was immediately converted to US$ upon the closings, at an average US$/C$ exchange rate of 0.9273.

The Company's net loss for the year ended December 31, 2014 amounted to $16,133,203 (December 31, 2013: $29,371,353). The current year's net loss decreased primarily as a result of less exploration and evaluation cost written off of $ 6,418,387 (December 31, 2013: $16,998,885) – see *Results of Operations* below.

During the year ended December 31, 2014, the Company granted 375,000 stock options (December 31, 2013: 872,000 stock options and 600,000 inducement stock options) and recorded $2,132,705 (December 31, 2013: $3,014,711) of share based payment expense (a non-cash item) relating to stock options vesting to employees and consultants in the period. The fair value of all stock option share-based payment compensation is estimated using the Black-Scholes-Merton option valuation model. During the year, the Company also granted 123,472 Deferred Share Units ("DSUs") and 55,278 Restricted Share Units ("RSUs") (December 31, 2013: nil and nil) to directors and officers respectively, under the Company's newly adopted Deferred Share Unit and Share Unit Plans, with a weighted average grant date fair value of C$9.61 per DSU/RSU. The fair value of the DSUs and RSUs was determined using the fair market value of the common shares on the date of grant, and a related share-based payment expense of $1,369,776 (December 31, 2013: $Nil) was recorded in the year ended December 31, 2014.

Management compensation and consulting fees increased to $3,128,894 (December 31, 2013: $2,538,843) in the year ended December 31, 2014, due to the increased costs of the new President and CEO, Mr. George Paspalas, whose salary and benefits in the comparable prior year were only for 2.5 months (hired effective October 15, 2013). As well, the current year's management and consulting fees also reflect the consulting services of the Company's former President and CEO, Mr. Dan MacInnis, who remained as an exploration consultant through December 31, 2014, at which time his full time consulting contract expired.

The foreign exchange loss of $1,012,584 during the year ended December 31, 2014 (December 31, 2013: $1,525,770 gain) was primarily due to the considerable weakening of the Mexican peso ("P$") and C$ relative to the US dollar in the latter half of the year (from July 1, 2014 to December 31, 2014, the peso and C$ weakened respectively from 0.0771 and 0.9375 to 0.0679 and 0.8620). The Company holds net monetary assets in both P$s (primarily IVA receivable) and C$s (primarily cash) which are exposed to exchange risk (see Note 10(c) in the December 31, 2014 audited consolidated financial statements). The majority of the Company's cash as at December 31, 2014 is held and denominated in US$s ($77,146,660), and the balance in pesos (US$ equivalent of $690,923) and C$ (US$ equivalent of $8,442,802), which are used to fund peso and Canadian dollar expenditures, respectively.

With the US$ Functional Currency ("FC") change in MAG Corporate as of July 1, 2014 (see Note 2(d) and 2(k) in the December 31, 2014 audited consolidated financial statements), there is no longer a translation adjustment in OCI after June 30, 2014. The currency translations adjustment of $186,876 (December 31, 2013: $2,394,578) represents a translation loss to June 30, 2014 resulting from the translation from C$ to US$ of MAG Corporate prior to the change in FC.

During the year ended December 31, 2014, the Company recognized an impairment of $227,640 (December 31, 2013: $243,112) on certain marketable securities designated as available for sale instruments in the consolidated statement of loss.

In the year ended December 31, 2014, the Company recognized a deferred tax recovery of $552,375 on the write off of the Don Fippi property (see '*Results of Operations'* below) when it reversed the original deferred income tax expense recorded on the Don Fippi property upon the enactment of the Special Mining Duty in late 2013 (December 31, 2013: deferred tax expense of $4,234,722). See '*Income Tax – New Tax Regime Effective January 1, 2014'* below.

Other expenses incurred during the year ended December 31, 2014, accounting and audit of $498,220 (December 31, 2013: $521,123), amortization of $35,185 (December 31, 2013: $35,751), filing & transfer agent fees of $164,490 (December 31, 2013: $196,829), general office expenses of $764,882 (December 31, 2013: $854,279), legal of $312,609 (December 31, 2013: $254,351), shareholder relations of $382,727 (December 31, 2013: $350,521) and travel of $243,739 (December 31, 2013: $295,222) were all either comparable with the prior year's expenses or the change not significant to the overall operations of the period.

RESULTS OF OPERATIONS

During the year ended December 31, 2014, the Company incurred oversight expenditures on the Juanicipio property of $360,177 (December 31, 2013: $238,251) and made joint venture advances to Minera Juanicipio S.A. de C.V. ("Minera Juanicipio") of $4,378,000 (December 31, 2013: $4,928,000). Underground ramp development and exploration drilling on the Juanicipio property are being conducted by the project operator, Fresnillo plc ("Fresnillo") (see '*Juanicipio Property'* below).

The Company's exploration and evaluation activities on its controlled properties in the year ended December 31, 2014 were focused on the 100% owned Cinco de Mayo property and on the Salamandra earn in option property. On the wholly owned Cinco de Mayo property, $1,245,459 was expended in the year ended December 31, 2014 (December 31, 2013: $2,149,219) including costs incurred in preparation for and related to renewed surface access negotiations, and meetings with State and Federal authorities and community relations and legal advisors in Mexico. No drilling has been undertaken in 2014 as the Company is currently in the process of negotiating a renewed surface access agreement with the local Ejido (see '*Cinco de Mayo Property*' below). In year ended December 31, 2014, on the Salamandra option earn-in property, the Company directly expended $513,479 (2013: $1,065,075) and a further $2,491,057 net of prior costs transferred of $433,194 (2013: nil and nil respectively), was expended indirectly by the Company through advances under the option earn-in agreement (see '*Salamandra Property*' below).

The following discussion is a summary of, and an update to, disclosure in documentation filed with regulatory agencies and available for viewing under MAG's profile on the SEDAR website at www.sedar.com and on SEC's EDGAR website at www.sec.gov.

Juanicipio Property

The Company owns 44% of Minera Juanicipio, a Mexican incorporated joint venture company, which owns and operates the Juanicipio Property located in the Fresnillo District, Zacatecas State, Mexico. Fresnillo holds the remaining 56% interest in the joint venture and is the project operator. The Juanicipio Property hosts, at this time, three significant high grade silver (gold, lead and zinc) veins: the East and West Valdecañas Veins, and the Juanicipio Vein.

Exploration and development programs for the Juanicipio Property are designed by the Minera Juanicipio Technical Committee, approved by the Minera Juanicipio Board of Directors and executed by the project operator, Fresnillo on behalf of Minera Juanicipio. The Company's share of costs is funded primarily through its 44% interest in Minera Juanicipio, and to a lesser extent, incurred directly by the Company to cover expenses related to parallel technical studies and analyses commissioned by the Company, as well as direct oversight of the ramp development and the drilling programs executed on the property. For the year ended December 31, 2014, the Company's total combined expenditures on the Juanicipio property amounted to $4,738,177 (December 31, 2013: $5,166,251), and included $4,378,000 (December 31, 2013: $4,928,000) for its 44% share of cash advances, and a further $360,177 (December 31, 2013: $238,251) expended directly by the Company on project oversight and on an updated independent resource estimate (see below).

Total Juanicipio expenditures incurred directly by Minera Juanicipio for the year ended December 31, 2014 amounted to approximately $11.1 million (December 31, 2013: $10.5 million) and were incurred primarily for the ramp advancement and some detailed engineering (see "*Underground Development Program"* below), and for exploration (see *"Exploration Program"* below).

As at December 31, 2014, Minera Juanicipio had $417,860 in cash available for 2015 budgeted exploration and development, and subsequent to the year end on January 8, 2015, the Company advanced $2.2 million to Minera Juanicipio, representing its 44% share of a $4.9 million cash call for expenditures through April 2015.

Updated Juanicipio resource estimate and '2012 PEA'

On May 27, 2014 the Company announced an updated independent Mineral Resource estimate for the Juanicipio Property completed by Roscoe Postle Associates Inc. ("RPA") – see *Press Release dated May 27, 2014*. The updated RPA Mineral Resource estimate was commissioned independently by MAG, and not by Minera Juanicipio, as the Company commissions its own Mineral Resource estimates to ensure the integrity of the resource estimates published on behalf of the Joint Venture. The updated estimate reflects the results of 40 infill holes drilled in 2012 and 2013, and is based on drill results available as of December 31, 2013. The new estimate demonstrates a conversion of previously classified Inferred Resources into the Indicated category and reports a deep lower grade resource separately. An amended and restated NI 43-101 technical report documenting the updated Mineral Resource estimate and including enhanced cautionary language was filed on SEDAR on July 3, 2014 (the "Amended Technical Report").

As part of the Amended Technical Report, RPA reviewed the 2012 Preliminary Economic Assessment carried out by AMC Mining Consultants (Canada) Ltd. (see press release dated June 14, 2012), and believes that it remains a reasonable representation of the property's economic potential. The results of the 2012 AMC Preliminary Economic Assessment are included in the Amended Technical Report ("2012 PEA").

The economic analysis in the 2012 PEA is preliminary in nature and is based, in part, on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

Highlights of the May 2014 RPA Resource Estimate

The Mineral Resources on the Juanicipio Property are contained within the Valdecañas Vein System and the Juanicipio Vein. The updated RPA estimate uses a cut-off of US$70/tonne Net Smelter Return ("NSR"), which includes contained values for silver, gold and base metals. The Valdecañas and Juanicipio Veins display the vertical grade transition from upper silver rich zones to deep gold and base metal dominant areas that is typical of Fresnillo District veins, and epithermal silver veins in general. The Resource Estimate has been manually divided into the Bonanza Grade Silver Zone ("BGS Zone") and the Deep Zone to reflect this vertical compositional zonation and highlight the definition of the Deep Zone.

The BGS Zone resource veins have a similar footprint as previous resource estimates (see press releases dated November 10, 2011 and December 19, 2011), with the higher drill density converting a significant proportion of the previous Inferred Resource into the Indicated category. The increased drill density also provides a better understanding of the vein geometry and indicates that that the Valdecañas Vein actually comprises two overlapping "en-echelon" veins (Valdecañas East and Valdecañas West veins) rather than a single vein offset by a fault. This reveals an area of overlap, with incrementally increased tonnage. A number of new holes, targeted below the limits of the previous resource estimate, intersected significant widths (10.5 to 25.8 metres true thickness) of lower grade mineralization, which combined with previous deep intercepts led to the definition of the new Deep Zone resource.

Mineral Resources by metal dominance zone are identified in Table 1 below.

TABLE 1: MINERAL RESOURCES BY METAL ZONE - December 31, 2013 – Juanicipio Project

Zone/Classification	Tonnage (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (M oz)	Au (K oz)	Pb (M lb)	Zn (M lb)
Bonanza Grade Silver Zone									
Indicated	8.3	601	1.7	2.0	3.7	160	448	365	676
MAG's 44% share	**3.7**					**71**	**197**	**160**	**297**
Inferred	2.4	626	1.9	1.4	2.2	48	146	74	114
MAG's 44% share	**1.1**					**21**	**64**	**33**	**50**
Deep Zone									
Indicated	1.8	93	1.7	1.4	2.6	5	97	54	102
MAG's 44% share	**0.8**					**2**	**43**	**24**	**45**
Inferred	2.7	146	2.0	2.1	3.4	13	173	128	203
MAG's 44% share	**1.2**					**6**	**76**	**56**	**89**

Notes:
1. Resources are reported on a 100% basis unless otherwise noted.
2. CIM definitions were followed for the classification of Mineral Resources.
3. Mineral Resources are estimated at an incremental NSR cut-off value of US$70 per tonne
4. NSR values are calculated in US$ using factors of $0.57 per g/t Ag, $30.11 per g/t Au, $9.07 per % Pb, and $12.21 per % Zn. These factors are based on metal prices of US$21.50/oz Ag, US$1,250/oz Au, $0.91/lb Pb, and $0.99/lb Zn and estimated recoveries and smelter terms.
5. The Mineral Resource estimate uses drill hole data available as of December 31, 2013.
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
7. Totals may not add correctly due to rounding.

Approximately 77% of the total silver ounces in the BGS Zone are now classified as Indicated, and lie primarily within the Valdecañas Vein. Combining the BSG Zone and the Deep Zone into a total resource by category, results in an overall increase in tonnage and a lower overall silver grade (see Table 2).

TABLE 2: TOTAL MINERAL RESOURCES
BSG Zone and Deep Zone, December 31, 2013 – Juanicipio Project

Classification	Tonnage (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (M oz)	Au (K oz)	Pb (M lb)	Zn (M lb)
Total Indicated	10.1	511	1.7	1.9	3.5	166	544	419	778
MAG's 44% share	**4.4**					**73**	**240**	**184**	**343**
Total Inferred	5.1	372	2.0	1.8	2.8	61	319	202	317
MAG's 44% share	**2.2**					**27**	**141**	**89**	**139**

Notes: See Table 1 above.

Quality Assurance and Control: The samples are shipped directly in security sealed bags to ALS-Chemex Laboratories preparation facility in Guadalajara, Jalisco, Mexico (Certification ISO 9001). Samples shipped also include intermittent standards and blanks. Pulp samples are subsequently shipped to ALS-Chemex Laboratories in North Vancouver, Canada for analysis. Two extra pulp samples are also prepared and are analyzed by SGS Laboratories (Certification ISO 9001) and Inspectorate Laboratories (Certification ISO 9001) (or other recognized lab). The bulk reject is subsequently sent to CIDT (Center for Investigation and Technical Development) of Peñoles in Torreon, Mexico for metallurgical testing where a fourth assay for each sample is analyzed and a calculated head grade is received on the basis of a concentrate balance. The CIDT also does a full microscopic, XRF and XRD mineralogical analysis.

Underground Development Program

On October 28, 2013, underground development commenced at the Juanicipio project. The development program is based on recommendations made to Minera Juanicipio in the 2012 PEA, and is being managed by Fresnillo, as operator. The underground work to the end of 2014 has included mine permitting, surface preparation, the commencement of the first 2,500 metres of underground decline development, and infill drilling on the Valdecañas Vein. The majority of the infill drilling was completed in 2013, with the results to December 31, 2013 included in the updated Mineral Resource estimate above.

According to the 2012 PEA timeline, the first 33 months of development focuses primarily on ramp decline. To date, the entry portal, surface explosives magazines, surface offices and associated infrastructure have been completed. The initial ramp decline was advanced primarily utilizing a continuous miner until March 2014, when the contractor hired by Fresnillo to construct the ramp decline on behalf of Minera Juanicipio, received its full explosives permit from the Mexican Ministry of Defense. The development of the ramp decline then advanced from March to December, 2014, with conventional drill and blast cycles as well as with the continuous miner, depending on ground conditions. The continuous miner was retired in mid-December, 2014 and the ramp is now advancing exclusively with drilling and blasting. Late in 2014, based on actual conditions and geotechnical drill holes, it appears that the near-surface zone of variable rock quality has been passed and that the expected better rock quality zone has now been reached. As a result, the ramp decline development has seen a sustained improvement in the advance rate, and subsequent to the year end, the 1 kilometre milestone was passed. A photo gallery of progress at Juanicipio is available at http://www.magsilver.com/s/PhotoGallery.asp?ReportID=610413.

Exploration Program

The planned 2014 exploration work for Minera Juanicipio called for 16,500 metres of drilling to seek new veins and trace structures and veins in neighboring parts of the district onto the Minera Juanicipio joint venture ground. Permitting for some of these areas took much longer than expected, a common occurrence in Mexico nationwide in 2014. However, by year end, permits for three of the principal exploration areas were in hand. As at December 31, 2014, one exploration rig was on site, with three additional rigs drilling a series of holes for bulk metallurgical samples and deep step out drilling. Once these holes are completed these rigs will be used for exploration drilling under the 2015 exploration budget (see *Outlook* below).

Cinco de Mayo Property

The Cinco de Mayo Project is a 25,000 hectare district scale project owned 100% by the Company. Cinco de Mayo is located approximately 190 kilometres north of the city of Chihuahua, in northern Chihuahua State, Mexico. The project consists of four major mineralized zones (the Upper Manto silver-lead-zinc body, the Pegaso deep discovery, the non-core Pozo Seco high grade molybdenum-gold resource area, and the surrounding Cinco de Mayo exploration area) and two mineral resource estimates (Upper Manto and Pozo Seco – see below).

Upper Manto (Jose Manto - Bridge Zone)

In 2012, drilling demonstrated that mineralization was continuous from the Jose Manto through the Bridge Zone to Cinco Ridge, which is now collectively referred to as the "Upper Manto" to differentiate it from mineralization hit at depth in the "Pegaso Zone" (see below). On October 3, 2012, MAG announced that Roscoe Postle Associates Inc. ("RPA") had completed the first independent mineral resource estimate for the Upper Manto zone. The NI 43-101 compliant technical report entitled "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico," authored by Mr. David Ross, P.Geo., an employee of RPA and independent of MAG, was filed on SEDAR on November 16, 2012. Inferred Mineral Resources are estimated to be 12.45 million tonnes at 132 g/t (3.9 opt) silver, 0.24 g/t gold, 2.86% lead, and 6.47% zinc (9.33% lead plus zinc), as reported at a NSR cut-off value of US$100/tonne.

The Pegaso Zone (Hole CM12-431)

In mid-June 2012, exploration hole CM12-431 drilled deep beneath the overlap zone between the Bridge Zone and the Jose Manto, cut four significant sulphide intervals within a 300 metre wide skarn and marble zone. The largest and deepest interval was 61 metres of high-grade massive sulphides that lies behind (to the southwest of) the structures that host the Upper Manto mineralization. This is an entirely new mineralization zone named the "Pegaso Zone", which shows all of the hallmarks of being a near-source part of the Carbonate Replacement Deposit ("CRD") system that MAG has been systematically seeking at Cinco de Mayo. The mineralization in the upper intercepts of hole CM12-431 are likely connected to the high-grade silver-lead-zinc mineralization in the 4 kilometre long Upper Manto, indicating that continuous mineralization exists from 125 to 900 metres vertical depth.

The mineralized intercepts in hole CM12-431 start at 730 metres down hole and continue to nearly a depth of 1,000 metres down hole (approximately 900 metres vertical depth). The Pegaso Zone is the thickest and deepest intercept, beginning at 927 metres down hole and continuing for 61.6 metres with an average grade of 89 g/t (2.6 opt) silver, 0.78 g/t gold, 0.13% copper with 2.1% lead and 7.3% zinc; including: 31.9 metres that grades 117 g/t (3.4 opt) silver, 1.13 g/t gold, 0.16% copper with 2.7% lead and 9.3% zinc. The gold and copper grades in all four intercepts are the highest and most consistent yet encountered on the project. Significantly, broad zones of coarse marble and pervasive tungsten-bearing garnet skarn occur above, between and below the massive sulphide zones, but no intrusions were seen in hole CM12-431 and very little of the sulphides encountered to date in the Pegaso Zone appear to be replacing skarn silicates. These results suggest both that the near-intrusion source zone is nearby but has not yet been reached.

Summary of combined Upper Manto-Pegaso Zone results

Combining hole CM12-431 with Upper Manto holes CM12-392 and CM12-399, plus shallower drilling throughout the Upper Manto area, indicates that mineralization is continuous from 125 metres to 900 metres vertical depth, with a significant broadening in the Pegaso Zone between 800 and 900 metres depth. This broadening coincides with an increase in skarn alteration and increasing zinc, gold and copper grades – consistent with what MAG's CRD zoning model predicts as a source zone is approached. Overall, near-surface Upper Manto mineralization appears higher in silver and lead than the deeper Pegaso Zone mineralization which is richer in zinc, copper and gold. The combined vertical metals and alteration zoning and broadening of mineralization is typical of CRD systems worldwide and strongly indicates that the source intrusion is being approached. The overall strength and style of mineralization and alteration further indicate that this source zone may be very large. The degree of mineralization seen so far indicates that the source intrusion could be surrounded by very large-scale mineralization. However, further exploration and drilling is required and can resume only upon obtaining the Soil Use Change Permit, drill permits and a surface access agreement with the local Ejido (see below).

Year ended December 31, 2014

In the year ended December 31, 2014, the Company incurred exploration and evaluation costs of $1,245,459 (December 31, 2013: $2,149,219) on the Cinco de Mayo property. The principal focus of work has been in preparation for and related to negotiations with the local Ejido (see '"Soil Use Change Permit" and surface access below) which has included meetings with State and Federal authorities, several legal advisors, and Community Relations advisors in Mexico. No drilling was undertaken in 2014 as the Company remains in the process of negotiating a renewed surface access agreement with the local Ejido.

"Soil Use Change Permit" and surface access

As of 2012, exploration drilling permits in Mexico require a "Soil Use Change Permit," reflecting conversion of land from agricultural to industrial use. In mid-2012, the Company was in the process of negotiating ordinary course surface access permissions with the Ejido Benito Juarez (the "Ejido") as the final component in the application for the required Soil Use Change Permit. The Company had a long-standing and productive working relationship with this Ejido and had previously purchased 41 specific rights relating to relevant areas of the Cinco de Mayo project area for $660,000 from certain Ejido members. This purchase was ratified by an official Assembly of the Ejido and registered and ratified by the Federal Agrarian Authority. The Company was awaiting formal title transfer of the surface rights, when certain members of the Ejido challenged the purchase claiming the 41 rights purchased represented a 41/421 undivided interest in the Ejido owned surface rights, rather than rights to exclusive areas of the property. Then on November 17, 2012, at what the Company maintains was an illegally constituted Assembly, the Ejido voted to order MAG to vacate the surface of its Cinco de Mayo property (the mineral concession rights were not affected).

Various Ejido members legally challenged the Assembly meeting on the grounds that proper notice was not given, key signatures required to properly call the meeting were fraudulent, and that the vote taken at the meeting was fraught with irregularities, including a significant number of votes being cast by unverified proxies. MAG had expected that the Assembly and the resolutions passed would be nullified by the Fifth Unified Agrarian Tribunal ("the Tribunal"), but the Company was notified during the first quarter of 2014 that the Tribunal had rejected the Ejido challenge. The ruling was made on narrow technical grounds and did not speak to the merits of the actions of the Assembly. The Tribunal did note that a new vote of a majority of Ejido members can revoke the actions of the challenged Assembly at any time. The Company has been advised that an appeal of the ruling, based on failure of the Tribunal to consider broader requirements of the Agrarian Law, was promptly filed with the Mexican Supreme Court by the same Ejido members. It was expected that the appeal would have been considered by Courts in the latter half of 2014, but to date it has not, nor has a date for a hearing been set. The Company has no input or involvement in the appeal process, as it is Ejido members who have filed the appeal.

As permission of the Ejido assembly is required to obtain surface access, MAG continues to pursue negotiations with the Ejido, and anticipates that the Tribunal's ruling (and the outcome of the pending appeal) will have minimal practical impact on the ratification by the Ejido of any settlement agreement that may ultimately be reached. While no assurances can be given, MAG is continuing the negotiation process with the intent of arriving at a settlement agreement that would be fully supported at a properly constituted Assembly. Although there is no certainty that a new vote would produce a favourable outcome for the Company, MAG believes that the opposition group and its supporters do not represent the will of the majority of the 421 voting members of the Ejido (or of the 12,000 other citizens in the project area).

The Company remains willing to work with the Ejido and the greater community to define a comprehensive Corporate Social Responsibility Program ("CSR") to coincide with the next phases of our exploration activity. MAG's goal is to continue its working relationship and ensure the Ejido and the greater community benefit from the expected successes and growth at Cinco de Mayo.

Pozo Seco Molybdenum-Gold Zone

In late 2009 the Company announced the discovery of a new zone of high grade molybdenum and gold mineralization named "Pozo Seco" in the western part of the Cinco de Mayo project area. The Pozo Seco surface rights are privately owned, and the Company has an access agreement currently in place. The Ejido situation referred to above *("Soil Use Change Permit" and surface access*) does not impact Pozo Seco claim boundaries.

In 2010 the Company released an independently prepared first Mineral Resource estimate for the Pozo Seco deposit. The Pozo Seco Molybdenum-Gold deposit is considered a non-core asset of the Company, and management had engaged CPM Group out of New York in the second half of 2014 to assist in monetizing this non-core asset. However, with Molybdenum prices currently depressed, the divestiture efforts are currently on hold.

Salamandra Property

In 2013, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil") whereby the Company can earn up to a 70% interest in CRD Minerals Corp., a company which owns Canasil's 14,719 hectare Salamandra property located in Durango State, Mexico. The Company paid Canasil C$150,000 upon signing the agreement, and a further C$150,000 upon the first anniversary of the agreement . To earn an initial 55% interest in the property, the Company must make additional cash payments to Canasil of C$450,000 over the next two annual anniversary dates of the agreement, and complete C$5,500,000 in exploration expenditures by May 23, 2017. As of December 31, 2014 the Company had drilled 10,112 metres on the property, and incurred approximately C$4.4 million in eligible exploration expenditures under the terms of the option agreement.

Upon earning its 55% interest, the Company may elect to earn a further 15% interest by producing either a feasibility study or spending an additional C$20,000,000 over a further four year period. A portion of the property is subject to a 2% NSR royalty, half of which may be purchased from the holder for $1,000,000.

Salamandra appears to be a typical Mexican CRD-Skarn and is very similar to MAG's Cinco de Mayo Project; the same exploration model that drove successful exploration there is being applied to Salamandra. Salamandra lies 80 kilometres northwest of Mexico's largest known silver-lead-zinc CRD-skarn deposit, the Sabinas-San Martin district. Both Salamandra and Sabinas-San Martin are favorably positioned at the intersection of the Mexican CRD belt (that also hosts MAG's Cinco de Mayo CRD project) and the Fresnillo trend (that hosts MAG's Juanicipio Project).

In July 2014, the Company announced the assay results from its twelve hole, 6,500 metre Phase 2 drill program. Phase 2 drilling began in late February of 2014 and concluded in May. The Phase 1 assays were released in a press release dated March 17, 2014, and combined with Phase 2 (see Press Release dated July 21, 2014), MAG has now drilled 10,112 metres in 17 holes on the Salamandra property, complementing an initial 12 holes previously drilled by Canasil.

MAG's Phase 2 exploration program consisted of five follow-up holes (SA 14-19, 20, 22, 24, 29) designed to determine the geometry of the mineralization cut in the best holes drilled in Phase 1 (SA13-13, and SA14-15) plus seven exploration holes testing geological, geochemical and geophysical anomalies around the previously undrilled half of the circumference of the district's central intrusive complex. To date, 15 of MAG's 17 total holes have cut appreciable widths of strongly anomalous zinc mineralization, leaving the entire system prospective for further drilling. True thickness cannot yet be determined for any of the intercepts.

The best follow-up hole is SA-20, which cut 0.63 metres grading 258 g/t (7.5 opt) silver with 0.27% copper lying immediately above 9.9 metres grading 2.4% zinc. These values and relative position are very similar to that seen 380 metres deeper in SA14-15 and appear to reflect the same mineralized zone. Hole SA-22, also drilled to off-set Hole 15, cut several zinc-rich zones but appears to have been drilled above and parallel to the mineralized zone cut in Holes 15 and 20. Similarly, the first two of the three follow-up holes (SA14-19, 24 and 29) drilled to offset the broad zinc-zone cut in Hole SA13-13 each cut significant widths of zinc mineralization but the intercept geometries prevent correlation.

The seven exploration holes tested the remaining previously undrilled half of the circumference of the intrusive center. Hole SA14-28 was the best of these exploration holes, cutting 173.46 metres of 1.0% zinc mineralization starting 20 metres below the surface. Holes SA14-19, 20, 21, 22, 24 and 25 also hit notable widths of zinc mineralization. The latter hole and hole SA14-18, were drilled away from the intrusive centre to test under the Recent basalt flows that flank the entire project area; both cut major faults interpreted to be the reactivated western margin of the Central Mexico Basin, the principal regional structural control on several major CRD-skarn systems.

The drill results have been systematically reviewed and results are being used to refine the geologic exploration model and revise earlier interpretations of extensive Canasil airborne and ground geophysical data. Definition of new drill targets for Phase 3 drilling is expected in early 2015.

Quality Assurance and Control: The Company has in place a quality control program to ensure best practices in sampling and analysis. Samples were collected by employees of consulting firm Minera Cascabel S.A. de C.V. on behalf of MAG Silver Corp. The diamond drill core samples are shipped directly in security sealed bags to ALS-Chemex Laboratories preparation facilities in Zacatecas, Zacatecas; Hermosillo, Sonora; or Chihuahua City, Chihuahua (Certification ISO 9001). Sample pulps are shipped from there to ALS-Chemex Laboratories in North Vancouver, Canada for analysis. All samples were assayed for gold by standard fire assay-ICP finish with a 50 gram charge. Gold values in excess of 3.00 g/t were re-analyzed by fire assay with gravimetric finish for greater accuracy. Silver, zinc, copper and lead values in excess of 100 ppm, 1%, 1% and 1% respectively are also repeated by fire assay.

Guigui Property

The Guigui project is a 100% interest in a 4,500-hectare property in the Santa Eulalia Mining District, home to the world's largest CRD camp. Strong aerial magnetic anomalies were identified in late 2007 but could not be drilled because they straddle the eastern border of the original "Guigui" claim and continued into ground covered by the Juarez Mega-Claim filed by the Mexican Geological Service in mid-2007. This adjoining part of the Juarez concession was liberated in July 2013 and the Company filed for and obtained the additional 3,800 hectare "Guiguito" concession. The combined property now consists of roughly 8,300 hectares.

The Company incurred $135,920 (December 31, 2013: $114,644) in costs on Guigui during the year ended December 31, 2014, primarily to maintain the property. However, mapping, sampling and rehabilitation of roads into the newly acquired adjoining ground are underway, and negotiations have been completed with the surface owners for the surface access permissions needed for Soil Use Change and drilling permits. Surface-based geophysical surveys are also being considered in preparation for a 2015 drill program that the Company plans to undertake.

The Don Fippi (Batopilas) Property

The Company has a 100% interest in the Don Fippi mining concessions located in the Batopilas, Chihuahua district of Mexico. To December 31, 2014, the Company has incurred $6,418,387 on exploration and evaluation costs, including $106,743 in the year ended December 31, 2014 (December 31, 2013: $122,350).

A review of the past exploration results on the property, analyzed in the context of the current difficult market conditions, failed to meet the Company's criteria for continued exploration on the property. With a strategic refocusing by the Company on its core properties that began in 2013, and due to the lack of any third party interest in this property, the Don Fippi claims and expenditures totaling $6,418,387 were written off in the year ended December 31, 2014.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters (as determined under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")):

Quarter Ending	Revenue[1]	Net Loss[2]	Net Loss per share
December 31, 2014	$104,655	$(9,302,738)	$(0.14)
September 30, 2014	$71,600	$(3,680,228)	$(0.05)
June 30, 2014	$28,662	$(2,057,075)	$(0.03)
March 31, 2014	$32,718	$(1,093,162)	$(0.02)
December 31, 2013	$41,540	$(16,004,239)	$(0.27)
September 30, 2013	$42,362	$(1,488,348)	$(0.02)
June 30, 2013	$52,630	$(10,220,693)	$(0.17)
March 31, 2013	$39,463	$(1,658,073)	$(0.03)

Notes:

(1) The Company's only source of revenue during the quarters listed above was interest earned on bank cash balances. The amount of interest revenue earned correlates directly to the amount of cash on hand during the period referenced and prevailing interest rates. At this time, the Company has no operating revenues.

(2) Net losses by quarter are often materially affected by the timing and recognition of large non-cash expenses (specifically share based payments, exploration and evaluation property write-offs, and deferred tax expense) as described in "Financial Performance" and in "Results of Operations."

FOURTH QUARTER

The Company's net loss for the three months ended December 31, 2014 amounted to $9,302,738 (December 31, 2013: $16,004,239). The net loss in the current quarter is less than the comparable prior quarter, primarily due to less exploration and evaluation costs written off ($6,418,387 versus $8,576,602 in the comparative quarter), and due to the deferred tax expense recognized in the prior period of $4,234,722 (quarter ended December 31, 2014: recovery of $552,375) resulting from the enactment of a Mexican imposed 7.5% royalty (see "*Results of Operations*" above, and '*Income Tax – New Tax Regime Effective January 1, 2014*' below). The equity loss pick up from associate decreased to $231,375 (December 31, 2013: $1,534,769) as the prior year's pick up also reflected a deferred tax expense related to the enactment of a Mexican imposed 7.5% royalty, as calculated by the Company.

During the three months ended December 31, 2014, the Company granted no stock options (December 31, 2013: nil stock options and 500,000 inducement options) and recorded $261,733 (December 31, 2013: $753,568) of share based payment expense (a non-cash item) relating to stock options vesting to employees in the period. The fair value of all share-based payment compensation is estimated using the Black-Scholes-Merton option valuation model. During the three months ended December 31, 2014, the Company also granted 31,634 DSUs (December 31, 2013: nil) to directors, 29,449 of which were granted to Ms. Jill Leversage upon her appointment to the Board on December 22, 2014. The fair value of the DSUs was determined using the fair market value of the common shares on the date of grant (weighted average grant date fair value of C$7.70 per DSU), and a share-based payment expense of $272,698 (December 30, 2013: $nil) was recorded in the three months ended December 31, 2014 in relation to these grants.

For the three months ended, December 31, 2014, management compensation and consulting fees increased to $1,351,746 (2013:$868,750) due to the increased costs of the new President and CEO, Mr. George Paspalas, whose salary in the comparable prior quarter was only for 2.5 months and his annual incentive paid in the fourth quarter was prorated for only 2.5 months in the comparable quarter compared to a full year in 2014. As well, the current quarter's management and consulting fees also reflect consulting services utilized in the Company's divestiture efforts of its non-core Pozo Seco Molybdenum-Gold deposit (see "*Pozo Seco Molybdenum-Gold Zone*" above).

The foreign exchange loss of $561,295 during the quarter ended December 31, 2014 (December 31, 2013: gain of $556,273) was due to the considerable weakening of the Mexican Peso ("P$") and C$ relative to the US dollar during the quarter (from October 1, 2014 to December 31, 2014, the P$ and C$ weakened respectively from 0.0744 and 0.8951 to 0.0679 and 0.8620). The Company holds net monetary assets in both P$s (primarily IVA receivable) and C$s (primarily cash) which are exposed to exchange risk (see Note 10(c) in the December 31, 2014 audited consolidated financial statements).

Other income and expenses incurred during the quarter ended December 31, 2014 were all either comparable with the prior period's expenses or not significant to the overall operations of the quarter.

Operationally, in the three months ended December 31, 2014, the Company incurred $934,735 on exploration and evaluation expenditures (2013: $793,081) primarily on the Company's 100% owned Cinco de Mayo property and on the Salamandra optioned property. On the Juanicipio property, the Company incurred oversight expenditures of $52,167 (2013: $67,270) in the quarter ended December 31, 2014. Company representatives continue to regularly monitor the development progress, attend Technical Committee meetings and participate in onsite exploration planning to review and assess Juanicipio exploration drilling targets.

OUTLOOK

The Company continues to explore its properties in Mexico and intends to enhance its project portfolio through successful exploration and project development. Although the Company's working capital position remains strong, the Company continues to execute its business plan prudently.

Minera Juanicipio Outlook

The Technical Committee and Board of Directors of Minera Juanicipio, comprised of representatives from both Fresnillo and the Company, meet several times per year to discuss the business of Minera Juanicipio and to review and approve plans for the exploration and development of the Juanicipio property. The 2012 PEA provides a framework on which the Technical Committee guides the continued advancement of the project. The 2012 PEA indicated a project development and production schedule of approximately 3.5 years from the start of development, specifically: "Following satisfactory completion of further studies, and subject to the application and grant of the necessary permits and licenses, it is estimated that it will take approximately three and a half years to develop the project from the start of the box cut and portal to mill start up." Although Minera Juanicipio has not formally made a "production decision," Fresnillo has publically reported that it expects that Juanicipio will be in production by approximately 2018. The Company believes the timeline laid out in the 2012 PEA is reasonable and attainable, but the actual schedule to production is still under review by Minera Juanicipio, and there are no assurances that a formal development decision will be made and that mine development and production will be achieved in accordance with the 2012 PEA.

The preliminary 2015 Minera Juanicipio Development Budget is approximately $7.1 million (MAG's 44% share is $3.1 million), and continues to be designated primarily for continued ramp advancement and associated underground mining infrastructure as outlined in the 2012 PEA, as well as some metallurgical and geotechnical studies. The preliminary 2015 Minera Juanicipio Exploration Budget is approximately $2.1 million (MAG's 44% share is $0.9 million), and 2015 exploration targets were identified at an onsite exploration day in December attended by exploration teams from both MAG and Fresnillo.

As at December 31, 2014, Minera Juanicipio had $417,860 in cash available for 2015 budgeted exploration and development, and subsequent to the year end on January 8, 2015, the Company advanced $2.2 million to Minera Juanicipio, representing its 44% share of a $4.9 million cash call for expenditures through April 2015.

Cinco de Mayo Outlook

No active exploration is currently being undertaken on the Cinco de Mayo property, as the Company remains in the process of negotiating a renewed surface access agreement with the local Ejido, after being asked to vacate the property in November 2012. The Company continues to work diligently to negotiate renewed access to the Company's mining claims. MAG believes that the surface access issue will be overcome, and that the requisite authorizations to complete its submission for the Soil use Change Permit will be obtained in due course. However, the overall timeline to successful resolution is not determinable at this time, and will depend upon various factors including but not limited to: the ability of the Company to arrive at a settlement agreement that would be fully supported by the majority of the Ejido; and, the ability of the Ejido to conduct a properly constituted Assembly meeting, with quorum, and favourable outcome.

Further exploration and drilling can resume only upon obtaining the Soil Use Change Permit, drill permits and a surface access agreement with the local Ejido.

Salamandra Outlook

With Phase I and II drilling completed in 2014, the geological system remains open in all directions. MAG has since reviewed all the drill holes to date and completed a comprehensive core review and geological reinterpretation of the system. With this analysis and the Company's improved understanding of the system, an updated three dimensional model has been assembled. Drill targets are currently being refined, and Phase III drilling is expected to commence mid-year, which when completed, would fulfill the exploration commitments required under the Company's 55% earn in option.

Income Tax – New Tax Regime Effective January 1, 2014

The Mexican Senate approved Tax Reform changes in Mexico that became effective January 1, 2014, that in part, adversely affect mining companies operating in Mexico. As enacted, the changes that directly affect the Mexican mining industry include: the elimination of a planned reduction in the corporate tax rate from 30% to 28% by 2015 (corporate tax rate will remain 30% indefinitely); a mining royalty fee of 7.5% on income before tax, depreciation, and interest; an extraordinary governmental fee on precious metals, including gold and silver, of 0.5% of gross revenues; and, changes affecting the timing of various expense deductions for tax purposes. Should the tax reform changes remain in place once Minera Juanicipio or any of the MAG's other properties are in production, it will be subjected to the new tax regime. The effects of these tax changes have not been reflected in the 2012 PEA which preceded the new tax regime. Managements' initial assessment of the tax reform changes is that they will not have an impact on the viability of the Juanicipio project.

Various industry challenges and lobbying are expected over the next several years and there is already speculation that the imposed royalties may be reduced and/or modified in their method of application. In addition, possible tax planning opportunities may exist to reduce the impact of the tax changes.

With the December 11, 2013 enactment of the tax reform and the introduction of a 7.5% mining royalty effective January 1, 2014, the Company recorded a non-cash deferred tax expense of $4,234,722 on December 31, 2013, relating to the 'initial recognition' impact of the mining royalty as required under IFRS. As at December 31, 2013, the Company also recorded its 44% share of the deferred tax expense applicable to Minera Juanicipio as an Equity Pick Up from Associate, amounting to $1,534,769. Under *International Accounting Standard 12 - Income Tax*, exploration, evaluation and development expenditures incurred after December 31, 2014 are exempt from deferred taxes with respect to the 7.5% mining royalty. Therefore, no further deferred tax expense has been recorded by the Company, nor reflected in the equity pick-up from its Investment in Associate. However, a deferred tax recovery of $552,375 was recognized in the current year upon the Don Fippi write off (see *"Financial Performance"* and *"Results of Operations"* above), as the original DIT expense recognized on enactment of the Special Mining Duty was reversed for this property.

Under the new tax regime, mining concession holders that fail to develop mining works in accordance with the Mining Law, during a consecutive two year period within the first eleven years of the term of the concession, will pay on a semi-annual basis an additional mining fee equivalent to 50% to the maximum current mining duty. If the failure to carry out works remains unchanged, starting on the twelfth year, the additional fee will be doubled. There is no expected impact of this change on the Company in 2014, but future years may be affected.

An additional component of the Mexican tax reform also includes a 10% dividend tax, to be withheld on all dividends paid to foreign residents of Mexico. With the existing Canadian-Mexico tax treaties, this dividend tax rate will be reduced to 5%. Prior to the tax reform, there was no dividend withholding tax on dividends paid from Mexico to Canadian corporations out of tax paid earnings.

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of common shares without par value. As at March 25, 2015, the following common shares and stock options were outstanding:

	Number of Shares	$Exercise Price or Conversion Ratio	Remaining Life
Capital Stock	69,173,076		
Stock Options	3,901,940	$5.35 - $12.19	7 months to 4.7 years
Restricted Share Units ("RSUs")	55,278	1:1	4.5 – 5 years
Deferred Share Units ("DSUs")	123,472	1:1	n/a [(1)]
Fully Diluted	73,253,766		

[(1)] To be share settled, but no common shares are to be issued in respect of a participant in the DSU Plan prior to such eligible Director's termination date.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2014 the Company had 68,860,536 common shares issued and outstanding (December 31, 2013: 60,141,718), and currently has 69,173,076 common shares issued and outstanding as at March 25, 2015.

On July 16, 2014, the Company closed a bought deal public financing and issued 7,712,000 common shares, including 392,000 commons shares issued on partial exercise of the over-allotment option, at C$10.25 per share, for gross proceeds of $73,376,306 (C$79,048,000). On August 18, 2014, the underwriters exercised the balance of the over-allotment in full and issued an additional 706,000 shares at C$10.25 for additional gross proceeds of $6,640,819 (C$7,236,500) bringing total gross proceeds to $80,017,125 (C$86,284,500). The Company paid a 5% commission to the underwriters of $4,000,856 and legal and filing costs totaled an additional $929,654, resulting in net proceeds of $75,086,615. As the net proceeds to the Company were received in C$ (C$80,974,635), C$76,875,000 was immediately (upon closings) converted to US$, at a US$/C$ exchange rate of 0.9273 as the Company funds the majority of its operations in US$. As outlined in the prospectus offering, the majority of the funds raised are designated for the Juanicipio project, with the balance for working capital and general corporate purposes.

As at December 31, 2014, the Company had working capital of $87,033,742 (December 31, 2013: $25,970,215), including cash of $86,280,385 (December 31, 2013:$25,050,948). Accounts receivable as at December 31, 2014 totaled $583,373 (December 31, 2013: $982,673) and is comprised primarily of Mexican value added taxes ("IVA") repayable to the Company by the Government of Mexico, for which the Company expects a full recovery. Current liabilities at December 31, 2014 amounted to $550,509 (December 31, 2013: $830,989) and are attributable to accrued exploration and administrative expenses.

During the year ended December 31, 2014, 293,750 stock options were exercised for cash proceeds of $1,638,635 (December 31, 2013:117,883 stock options were exercised for cash proceeds of $848,181). In the years ended December 31, 2014 and 2013 there were no shares issued for mineral properties.

The primary use of cash in the year ended December 31, 2014 was to fund operations. During the year ended December 31, 2014, advances to Minera Juanicipio combined with MAG's Juanicipio expenditures on its own account, totaled $4,710,939 (December 31, 2013: $5,166,251). The Company makes cash deposits to Minera Juanicipio as cash called by operator Fresnillo, based on approved joint venture budgets. In the year ended December 31, 2014, the Company also expended $3,054,850 (December 31, 2013: $988,393) on the Salamandra earn in option, and $1,646,972 (December 31, 2013: $3,574,950) on its other exploration and evaluation properties.

The Company's primary source of historic capital has been from the issuance of equity. The Company's cash on hand at December 31, 2014 is primarily from the bought deal financing completed in August 2014 (see details above) and from a brokered private placement completed in September 2012, whereby 3,526,210 common shares of the Company were issued at a price of C$9.40 per share resulting in US$ net proceeds of $31,286,353. With respect to both financings, the Company's intended use of the proceeds as outlined in the offering documents are being adhered to in all material aspects. The surface access delay at Cinco de Mayo, has deferred some of the planned expenditures outlined in the 2012 offering documents through 2014 and into 2015.

The Company currently has sufficient working capital ($87 million) to maintain all of its properties and currently planned programs for a period in excess of the next year. However, the Company may require additional capital in the future to meet its project related expenditures, including its cash calls on the Juanicipio project. As noted above ('*Juanicipio Property*' and '*Outlook*'), on October 28, 2013, the Company announced that Fresnillo, as operator, had commenced the underground development and the access decline at the Juanicipio Project, based on the results of the 2012 PEA. The 2012 PEA estimated total project capital costs of $302 million inclusive of capitalized operating costs (MAG's 44% share is US$133 million) over 3.5 years from the start of development. The 2015 Juanicipio development budget is only $7.1 million (MAG's 44% share is $3.1 million), as the first 32 months of development is primarily focused on the ramp decline. The majority of the capital costs are not expected to be incurred until the latter part of the development schedule. As Minera Juanicipio only approves budgets annually, it has not yet evaluated and proposed a budget for 2016 and beyond. However, the scale and scope of the complete development of the Juanicipio Project will require capital over the next three years exceeding the Company's cash on hand resources. In addition, the 2012 PEA is preliminary in nature, and actual costs and development time, may exceed those laid out in the 2012 PEA. It is unlikely that the Company will generate sufficient operating cash flow to fund its share of development costs, and accordingly, future liquidity will therefore depend upon the Company's ability to arrange debt or additional equity financings. The inability of the Company to fund its 44% share of cash calls would result dilution of the Company's ownership interest in Minera Juanicipio, in accordance with the shareholders agreement. The Company currently relies on equity financings to fund its exploration and development, and its corporate activities.

Contractual Obligations

The following table discloses the contractual obligations of the Company (as at the date of this MD&A) for optional mineral property acquisition payments, optional exploration work and committed lease obligations for office rent and equipment. Based on exploration results, the Company will select at its discretion, only certain properties to complete option and purchase arrangements on.

Option Payments Expenditures	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
Salamandra [1]	$ 387,900	$ 172,400	$ 215,500	$ -	$ -
Cinco De Mayo [2]	106,000	106,000	-	-	-
Subtotal - Option Payments	$ 493,900	$ 278,400	$ 215,500	$ -	$ -
Exploration & Evaluation Expenditures					
Salamandra [1]	778,259	-	778,259	-	-
Juanicipio [3]	-	-	-	-	-
Subtotal - Exploration & Evaluation	$ 778,259	$ -	$778,259	$ -	$ -
Option Payments and Exploration Expenditures – Total	**$ 1,272,159**	**$ 278,400**	**$ 993,759**	**$ -**	**$ -**
Office Lease	696,974	142,326	320,081	234,567	-
Total Obligations	**$ 1,969,133**	**$ 420,726**	**$ 1,313,840**	**$ 234,567**	**$ -**

[1] Salamandra property option payments of C$450,000 ($387,900) and exploration expenditure commitments of $778,259 by May 23, 2017 in order to exercise an initial 55% interest in the property. An additional C$20 million of exploration expenditures (or the delivery of a feasibility study), over the four years following the initial 55% earn in, is required to exercise an additional 15% option on the property.

[2] Cinco de Mayo property option payments of $106,000 on two auxiliary claims acquired in 2010.

[3] The Company makes cash deposits to Minera Juanicipio as cash called by operator Fresnillo, based on approved joint venture budgets. The scale and scope of the Juanicipio project will require development capital in the years ahead exceeding the Company's on hand cash resources. As noted above in this section, it is unlikely that the Company will generate sufficient operating cash flows to meet these ongoing obligations in the foreseeable future. Accordingly the Company will need to raise additional capital in the future and is currently evaluating debt, equity, and other financing alternatives in order to continue to fund its share of cash calls and avoid dilution of its ownership interest.

Other contractual obligations include: a 2.5% NSR royalty on the Cinco de Mayo property under the terms of an agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property; and a 2.5% NSR royalty on the Guigui mining concessions.

The Company may provide guarantees and indemnifications in conjunction with transactions in the normal course of operations. These are recorded as liabilities when reasonable estimates of the obligations can be made. Indemnifications that the Company has provided include an obligation to indemnify directors and officers of the Company for potential liability while acting as a director or officer of the Company, together with various expenses associated with defending and settling such suits or actions due to association with the Company. The Company has a comprehensive directors and officers liability insurance policy that could mitigate such costs to the Company.

Other Items

The Company is unaware of any undisclosed liabilities or legal actions against the Company and the Company has no legal actions or cause against any third party at this time other than the claims of the Company with respect to its purchase of 41 land rights within the Cinco de Mayo property boundaries, and the associated surface access negotiations with the Ejido (see '"*Soil Use Change Permit" and surface access*' above). It is anticipated that the ultimate resolution to this situation will include a comprehensive CSR program to coincide with the next phases of our exploration activity.

The Company is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

ADDITIONAL DISCLOSURE

Trend Information

Other than the Company's obligations under its property option agreements (see ' *Contractual Obligations'* above) and to the Minera Juanicipio joint venture, there are no demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The nature of the Company's business is demanding of capital for property acquisition costs, exploration commitments and holding costs. The Company's liquidity is affected by the results of its own acquisition, exploration and development activities. The acquisition or discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect. The Company will require sufficient capital in the future to meet its acquisition payments and other obligations under property option agreements for those properties it considers worthy to incur continued holding and exploration costs upon (see '*Liquidity and Capital Resources*' above).

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company, including the risk factors discussed under the heading "Risk Factors" in the Company's most recent Annual Information Form ("AIF") dated March 25, 2015 available on SEDAR at www.sedar.com and www.sec.gov.

The volatile global economic environment has created market uncertainty and volatility in recent years, and again in 2014. The Company remains financially strong and will monitor the risks and opportunities of the current environment carefully. These macro-economic events have in the past, and may again, negatively affect the mining and minerals sectors in general. The Company will consider its business plans and options carefully going forward.

In the normal course of business, the Company enters into transactions for the purchase of supplies and services denominated in Canadian dollars or Mexican Pesos. The Company also has cash and certain liabilities denominated in Canadian dollars and Mexican Pesos. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates (see Note 10(c) in the audited consolidated financial statements of the Company as at December 31, 2014).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company does not have offices or direct personnel in Mexico, but rather is party to a Field Services Agreement, whereby it has contracted administrative and exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("IMDEX"). Up until June 24, 2014, these companies had a common director (Dr. Peter Megaw, who did not stand for re-election at the AGSM) with the Company. Dr. Megaw has since been appointed Chief Exploration Officer of the Company, although he continues to be remunerated through IMDEX as outlined below. Dr. Megaw is also a principal of both IMDEX and Cascabel. All transactions are incurred in the normal course of business, and are negotiated on terms between the parties which represent fair market value for all services rendered. A significant portion of the expenditures are incurred on the Company's behalf, and are charged to the Company on a "cost + 10%" basis typical of industry standards.

The Company accrued or paid Cascabel and IMDEX the following fees under the Field Services Agreement:

For the three months ended December 31,			2014	2013
	Cascabel & related IMDEX	IMDEX to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$52,064	$76,790	$128,854	$94,052
Exploration management, field costs and cost reimbursements (at cost + 10%) - MAG properties [1]	220,418	55,434	275,852	521,148
	$272,482	$132,224	$404,706	$615,200

For the year ended December 31			2014	2013
	Cascabel & IMDEX	IMDEX related to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$205,760	$226,983	$432,743	$315,662
Exploration management, field costs and cost reimbursements (at cost + 10%) - MAG properties [1]	919,298	192,931	1,112,229	2,160,051
	$1,125,058	$419,914	$1,544,972	$2,475,713

[1] Does not include drilling and assays, which are contracted out independently from Cascabel & IMDEX.

Included in trade and other payables at December 31, 2014 is $135,984 related to these services (December 31, 2013: $262,527).

The Company is obligated to a 2.5% NSR royalty on the Cinco de Mayo property to the principals of Cascabel under the terms of an option agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property from Cascabel, and under the terms of assignment agreements entered into by Cascabel with its principals. The Company is also obligated to a 2.5% NSR royalty on the Don Fippi mining concessions located in the Batopilas, and a 2.5% NSR royalty on the Guigui mining concessions, both to Cascabel.

Upon the retirement of Dan MacInnis, former President & Chief Executive Officer, on October 15, 2013, the Company entered into a consulting contract with a private company controlled by Mr. MacInnis who remains a director of the Company, to which it accrued or paid consulting fees of C$548,232 in the year ended December 31, 2014 respectively (December 31, 2013: C$114,215). Included in trade and other payables at December 31, 2014 is C$47,970 related to these services (December 31, 2013: C$119,926). The consulting contract expired on December 31, 2014.

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The immediate parent and ultimate controlling party of the consolidated group is MAG Silver Corp. (incorporated in British Columbia, Canada).

The details of the Company's subsidiaries and ownership interests are as follows:

Significant subsidiaries of the Company are as follows:

Name	Country of Incorporation	Principal Activity	MAG' effective interest 2014 (%)	2013 (%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Pozo Seco S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Sierra Vieja S.A. de C.V.	Mexico	Exploration	100%	100%

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio"), created for the purpose of holding and operating the Juanicipio Property, is held 56% by Fresnillo plc ("Fresnillo") and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at December 31, 2014, as publicly reported. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio.

Compensation of Key Management Personnel including Directors

During the year, compensation of key management personnel was as follows:

	Year ended December 31, 2014	2013
Salaries and other short term employee benefits	$ 2,147,310	$ 1,198,236
Share based payments	2,644,755	2,541,720
	$ 4,792,065	$ 3,739,956

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consists of its Directors, the Chief Executive Officer, and the Chief Financial Officer.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified (i) mineral property acquisition and exploration deferred costs, (ii) option to acquire mineral interest, (iii) provision for reclamation and closure, (iv) deferred income tax provision and (v) share based payments, as the main estimates for the following discussion. Please refer to Note 2 of the Company's consolidated financial statements as at December 31, 2014 for a description of all of the significant accounting policies.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties ("exploration and evaluation" assets). Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews when events or changes in circumstances indicate the carrying values of its properties to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Under IFRS, the Company's 'option to acquire mineral interest' is a financial asset and accordingly must be fair valued each accounting period. Given there are no observable inputs to fair value this option, and given the early exploration stage of the project represented by the option, management's best estimate of the fair value of the option is based on the historical cost as incurred.

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

The deferred income tax provision is based on the liability method. Deferred taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records only those deferred tax assets that it believes will be probable, that sufficient future taxable profit will be available to recover those assets.

Under IFRS 2 - *Share-based Payments*, stock options are accounted for by the fair value method of accounting. Under this method, the Company is required to recognize a charge to the statement of loss based on an option-pricing model based on certain assumptions including dividends to be paid, historical volatility of the Company's share price, an annual risk free interest rate, forfeiter rates, and expected lives of the options.

CHANGES IN ACCOUNTING STANDARDS

(i) Adoption of new and amended IFRS Pronouncements

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") that are mandatory for accounting periods after December 31, 2013. Pronouncements that are not applicable to the Company have been excluded from those described below. The following new standards have been adopted with retrospective application (unless otherwise stated) effective January 1, 2014:

IFRIC 21 – *Levies,* an interpretation of IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* , clarifies that the obligating event, as defined by IAS 37, that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application did not result in an adjustment to the Company's consolidated financial statements.

(ii) Recent Accounting Pronouncements

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective. These include:

- **IFRS 9 *Financial Instruments***, which replaces the current standard, IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company has not early adopted this standard and is currently evaluating the impact this standard may have on its consolidated financial statements.

- **IFRS 15** ***Revenue from Contracts with Customers*** – The final standard on revenue from contracts with customers was issued on May 8, 2014 and is effective for annual reporting periods beginning after December 15, 2016 for public entities with early application permitted. Entities have the full option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

- ***Annual Amendments.*** In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles to make necessary but non-urgent amendments to existing IFRSs. The amendments are effective for annual periods beginning on or after July 1, 2014; however, these amendments are not expected to have a significant impact on the Company's consolidated financial statements.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that it is required to file or submit under applicable securities laws is recorded, processed, summarized and reported in the manner specified by such laws. The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures as of December 31, 2014 through inquiry, review, and testing, as well as by drawing upon their own relevant experience. The Company annually retains an independent third party specialist to assist in the assessment of its disclosure controls and procedures. The Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as at December 31, 2014.

Internal Control Over Financial Reporting

The Company also maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - *Certification of Disclosure Issuers' Annual and Interim Filings* in order to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable and in accordance with International Financial Reporting Standards. The Company retains an independent third party specialist annually to assist in the assessment of its internal control procedures. The Board of Directors approves the financial statements and MD&A before they are publicly filed, and ensures that management discharges its financial responsibilities. The consolidated financial statements and MD&A for the year ended December 31, 2014 were approved by the Board on March 25, 2015. The Board's review is accomplished principally through the audit committee, which is composed of independent non-executive directors. The audit committee meets periodically with management and auditors to review financial reporting and control matters. The Board of Directors has also appointed a compensation committee composed of non-executive directors whose recommendations are followed with regard to executive compensation. From time to time the board may also form special sub-committees, which must investigate and report to the Board on specific topics.

The Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 and have concluded that the Company's internal control over financial reporting is effective. There have been no changes in internal controls over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUBSEQUENT EVENTS

Subsequent to December 31, 2014, the Company:

a) Issued 239,100 common shares pursuant to the exercise of stock options between C$6.95 to C$9.15 for proceeds of C$1,771,872; and,

b) Issued 73,440 common shares in settlement of 220,500 stock options exercised under a cashless exercise provision of the plan.