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

FORM 40-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

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

For the fiscal year ended **December 31, 2021**. 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))

800 West Pender Street, Suite 770
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	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	**MAG**	**NYSE American**

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:

☒ Annual information form ☒ 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.

97,809,441 outstanding shares of the Registrant's common stock as of the fiscal year ended December 31, 2021.

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 ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interac-tive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preced-ing 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), 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, 2021 filed as Exhibit 99.2 to this Annual Report on Form 40-F, have been prepared in accordance with the requirements of 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, 2021: 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 reports of the Independent Registered Public Accounting Firm with respect thereto and accompanying Management's Discussion and Analysis for fiscal year ended December 31, 2021: 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 as issued by IASB.

CAUTIONARY COMMENT ON FORWARD-LOOKING STATEMENTS

Forward Looking Statements

Certain information contained in this Annual Report on Form 40-F and the documents incorporated by reference herein, including any information relating to the Company's future oriented financial information are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws (collectively "**forward-looking statements**"). All statements in this Annual Report on Form 40-F and the documents incorporated by reference herein, other than statements of historical facts, are forward-looking statements. Such forward-looking statements and information include, but are not limited to, statements regarding: the future price of silver, gold, lead, zinc and copper; the estimation of mineral resources; preliminary economic estimates relating to the Minera Juanicipio Project (the "**Juanicipio Project**"); estimates of the time and amount of future silver, gold, lead, zinc and copper production for specific operations; estimated future exploration and development expenditures and other expenses for specific operations; permitting timelines; the Company's expectations regarding impairments of mineral properties; the expected timeline to commercial production at the Juanicipio Project; the expected timeline to complete construction at the Juanicipio Project; the expected timeline for the Comisión Federal de Electricidad to complete the tie-in of the Juanicipio Project to the national power grid and, as a consequence, the expected extended timeline for the processing plant at the Juanicipio Project to commence commissioning; the closing of the Company's acquisition of Gatling Exploration Inc. (the "**Gatling Acquisition**") within the expected timeline, if at all; the expected benefits of the Gatling Acquisition; the Company's provision of a convertible C$3 million secured bridge loan to Gatling Exploration Inc. in connection with the Gatling Acquisition; the amount of mineralized development material to be processed through the Fresnillo plc ("**Fresnillo**") plant; the annual exploration expenditures to be paid by the Company on the Company's 100% interest in the Deer Trail project; the expected capital requirements to achieve commercial production at the Juanicipio Project; proposed amendments to the Federal Labour Law on labour subcontracting in Mexico; the Company's expectations regarding the sufficiency of its capital resources and requirements for additional capital; the Company's expectations regarding the sufficiency of its capital resources and requirements for additional capital; litigation risks; currency fluctuations; environmental risks and reclamation cost; the Company's commitment to corporate social responsibility; and changes to governmental laws and regulations.

Forward-looking statements are often, but not always, identified by the use of words o such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and many of which, regarding future business decisions, are subject to change. Assumptions and other factors underlying the Company's expectations regarding forward-looking statements or information contained in this prospectus include, among others: the Company's ability to manage growth effectively; the absence of material adverse changes in the mining industry or the global economy; trends in the mining industry and markets; the Company's ability to maintain good business relationships; the Company's ability to manage and integrate acquisitions; the Company's Mineral Resource estimates, and the assumptions upon which they are based; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals; the Company's expectation that its operations will not be significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, social or political activism, breakdown, natural disasters, governmental or political actions, litigation or arbitration proceedings, equipment or infrastructure failure, labour shortages, transportation disruptions or accidents, or other development or exploration risks; the Company's expectations regarding the level of disruption to operations at the Juanicipio Project as a result of the novel coronavirus ("**COVID-19**") and variants thereof; the Company's ability to meet the expected timelines to production; the Company's ability to retain key personnel; the Company's ability to raise sufficient debt or equity financing to support the Company's continued growth; the timely receipt of required approvals and permits; that the Company will continue to have sufficient working capital to fund its operations; the global financial markets and general economic conditions will be stable and prosperous in the future; preliminary economic estimates and the assumptions upon which they are based relating to the Juanicipio Project; and the Company's Mineral Resource estimates and the assumptions upon which they are based.

Many factors could cause actual results to differ materially from those in forward-looking statements, including, but not limited to: 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 material property is in the development stage and many such projects experience cost overruns or delays; 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 or those it has an interest in; 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 or those it has an interest in; risks related to the properties in which the Company has an interest being primarily located in foreign jurisdictions, including Mexico, which may be subject to political instability, governmental relations, adverse government policies and increased police and military enforcement action against criminal activities; the effect of global economic and political instability on the Company's business; the effect of the COVID-19 outbreak as a global pandemic on the Company's business; risks related to maintaining a positive relationship with the communities in which the Company operates; risks related to the Company's ability to finance substantial expenditures required for commercial operations on its mineral properties or those it has an interest in; 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 or those it has an interest in due to a lack of adequate funding; risks related to access and availability of infrastructure, power and water; risks related to ground water levels at the Juanicipio Project; risks related to a lack of access to a skilled workforce; risks related to the Juanicipio Project mine plan and mine design and the development timeline to production; risks related to the Juanicipio Project not achieving the financial results and the development timeline consistent with the 2017 PEA (as defined herein); risks related to the capital requirements for the Juanicipio Project and the timeline to production; risks related to the Company's decision to participate in the development of the Juanicipio Project; risks related to the mine plan and mine design; risks related to title, challenge to title, or potential title disputes regarding the Company's mineral properties or those it has an interest in; risks related to the Company being a minority shareholder of Minera Juanicipio, S.A. de C.V. ("**Minera Juanicipio**"); risks related to disputes with joint venture shareholders; 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; physical risks related to extreme climate events and natural disasters such as high temperatures, droughts and extreme rainfall; the highly competitive nature of the mineral exploration industry; risks related to the Company's ability to manage and integrate acquisitions; risks related to equipment shortages, access restrictions and lack of infrastructure on the Company's mineral properties or those it has an interest in; the Company's dependence upon key personnel; the Company's dependence on certain related party service providers (Minera Cascabel S.A. de C.V. and IMDEX Inc.) to conduct some of its operations in Mexico; the Company's dependence on Fresnillo to attract, train and retain qualified personnel; the Company's dependence on Fresnillo to supervise and operate the Juanicipio Project; 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$/U.S.$ and U.S.$/Mexican Peso exchange rates) and inflationary pressures; risks related to mining operations generally; risks related to fluctuation of mineral prices and marketability; risks related to the adverse application of new or existing laws, including without limitation anti-corruption laws, human rights laws and Mexican foreign investment, income tax laws and Mexican 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 common shares of the Company (the "Common Shares"); the uncertainty of maintaining a liquid trading market for the Common Shares; 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 mineral property 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 future sales or issuances of equity securities diluting voting power and reducing future earnings per share; risks related to dilution to existing shareholders if new shares are issued; Fresnillo's ability to maintain community relations programs; risks related to dilution to existing shareholders if deferred share units, restricted share units or performance share units are converted into Common Shares; the history of the Company with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future; and the absence of a market through which the Company's securities, other than Common Shares, may be sold. The reader is referred to the Company's filings with the SEC and Canadian securities regulators for disclosure regarding these and other risk factors. There is no certainty that any forward-looking statement will come to pass and investors should not place undue reliance upon forward-looking statements. The Company does not undertake to provide updates to any of the forward-looking statements in this Annual Report on Form 40-F, except as required by law.

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. The foregoing 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 the 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.

Adjacent Property Disclosure

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 MINERAL RESOURCES

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, 2021 filed as Exhibit 99.2 to this Annual Report on Form 40-F have been prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("**NI 43-101**"). NI 43-101 is an instrument developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the United States Securities and Exchange Commission (the "**SEC**") generally applicable to U.S. companies. Accordingly, information contained in the Company's AIF for the fiscal year ended December 31, 2021 and Management's Discussion and Analysis for the fiscal year ended December 31, 2021 are not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

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 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 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, 2021 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, 2021, the Company maintained effective internal control over financial reporting.

ATTESTATION REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company's internal control over financial reporting as of December 31, 2021 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited the Registrant's Consolidated Financial Statements for the years ended December 31, 2021 and 2020. Deloitte LLP expressed an unqualified opinion on the effectiveness of the Registrant's internal control over financial reporting. The reports of Deloitte LLP are found under the heading "Report of Independent Registered Public Accounting Firm" in the Registrant's Audited Annual Consolidated Financial Statements for fiscal year ended December 31, 2021, included as Exhibit 99.2 to this Annual Report on Form 40-F.

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 (d) 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

As at December 31, 2021, the Audit Committee was comprised of Dale Peniuk, Peter Barnes and Jill Leversage. The Company's Board of Directors has determined that each of the members of the Audit Committee 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 American 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 of Conduct**") for its Chief Executive Officer, Chief Financial Officer, directors and officers. The Company furnished the latest version of the Code of Conduct with the SEC on March 28, 2022, as Exhibit 99.1 to its Form 6-K. Individuals may obtain a copy upon request, addressed to the Corporate Secretary, MAG Silver Corp., #770-800 West Pender Street, Vancouver, British Columbia, V6C 2V6. The Company has also posted the Code of Conduct on its internet website at www.magsilver.com. The Code of Conduct is reviewed annually, most recently on March 25, 2022. No waivers were granted from the Code of Conduct during the fiscal year ended December 31, 2021.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed by the Company's current external auditor, Deloitte LLP, Vancouver, British Columbia, Canada , Audit Firm ID 1208, in each of the last two fiscal years are as follows:

	Year ended December 31, 2021 Canadian $	**Year ended December 31, 2020 Canadian $**
Audit Fees	333,882	350,494
Audit-Related Fees	0	0
Tax Fees	100,870	82,462
All Other Fees	0	0
Total	434,752	432,956

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, and for the quarterly interim reviews of the Company's unaudited condensed interim consolidated financial statements.

Audit-Related Fees

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

Tax Fees

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, continued tax planning and advisory services on potential restructuring and spin-out projects, and services related to the Company's 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 pre-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. No audit-related services or other services were approved by the Audit Committee pursuant to the *de minimis* exception provided by Section (c)(7)(i)(C) of Rule 2-01 or Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements required to be disclosed in this Annual Report on Form 40-F.

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. As at December 31, 2021, the Audit Committee was comprised of the following members:

Chair:	Dale Peniuk
Members:	Peter Barnes
	Jill Leversage

MINE SAFETY DISCLOSURE

Not applicable.

CORPORATE GOVERNANCE PRACTICES

There are certain differences between the corporate governance practices applicable to the Company and those applicable to U.S. companies under the NYSE American Company Guide. Any significant differences will be described on the Company's website at www.magsilver.com. Information contained in or otherwise accessible through the Company's website does not form part of this Form 40-F and is not incorporated into this Form 40-F by reference.

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 31, 2022

EXHIBITS

23.1	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
23.2	Consent of AMC Mining Consultants (Canada) Ltd.
23.3	Consent of Dr. Peter Megaw, Ph.D., C.P.G.
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, 2021.
99.2	Registrant's Audited Annual Consolidated Financial Statements and accompanying Management's Discussion and Analysis for the fiscal year ended December 31, 2021.
101	Interactive Data File (formatted as Inline XBRL).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 237807 on Form F-10 and to the use of our reports dated March 31, 2022 relating to the financial statements of MAG Silver Corp. (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 40-F for the year ended December 31, 2021.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 31, 2022

EXHIBIT 23.2

CONSENT OF AMC MINING CONSULTANTS (CANADA) LTD.

We refer to the technical report prepared by AMC Mining Consultants (Canada) Ltd. (AMC) entitled "Juanicipio NI 43-101 Technical Report (Amended and Restated)", dated January 19, 2018, with an effective date of October 21, 2017 and filed on SEDAR on January 19, 2018 (the "2017 PEA") that is referenced in MAG Silver Corp.'s Annual Information Form ("AIF") for the fiscal year ended December 31, 2021, 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.

We hereby consent to reference to our firm's name and to the use of the 2017 PEA in the AIF filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Sincerely,

AMC MINING CONSULTANTS (CANADA) LTD.

By: *____/s/ John Morton Shannon_____*
Name: John Morton Shannon
Title: General Manager

March 31, 2022

EXHIBIT 23.3

CONSENT OF PETER MEGAW, P.Geo.

I, Dr. Peter Megaw, Ph.D., C.P.G., hereby consent to the use of and reference to my name, and the inclusion and incorporation by reference in the Annual Report on Form 40-F of MAG Silver Corp. for the year ended December 31, 2021, of the information prepared by me, that I supervised the preparation of or reviewed by me that is of a scientific or technical nature and all other references to such information included or incorporated by reference in the Annual Report on Form 40-F of MAG Silver Corp. for the year ended December 31, 2021.

Sincerely,

/s/ Peter Megaw
Dr. Peter Megaw, Ph.D., C.P.G.
March 31, 2022

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 31, 2022

/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 31, 2022

/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, 2021 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
Date: March 31, 2022

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, 2021 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
Date: March 31, 2022

Exhibit 99.1



ANNUAL INFORMATION FORM
March 31, 2022

MAG Silver Corp.
Suite 770 – 800 West Pender Street
Vancouver, BC, Canada V6C 2V6

A copy of this Annual Information Form for the year ended December 31, 2021 may be obtained upon request from MAG Silver Corp. at the above address or from the company's web site: www.magsilver.com

TABLE OF CONTENTS

INTRODUCTORY NOTES	**1**
Date of Information	1
Documents Incorporated by Reference	1
Cautionary Statement on Forward-Looking Information	1
Cautionary Note to Investors Concerning Estimates of Mineral Resources	5
Technical Information	5
Adjacent Property Disclosure	6
Currency and Exchange Rates	6
Metric Equivalents	7
Financial Data in this AIF	7
Defined Terms	7
Cautionary Statement Regarding Non-IFRS Measures	7
CORPORATE STRUCTURE	**7**
Name, Address and Incorporation	7
Intercorporate Relationships	7
GENERAL DEVELOPMENT OF THE BUSINESS	**9**
Overview	9
Three Year History	11
Recent Developments (Subsequent to December 31, 2021)	15
DESCRIPTION OF THE BUSINESS	**16**
General	16
Principal Markets	17
Employees and Consultants	17
Specialized Skill and Knowledge	17
Competitive Conditions	17
Economic Dependence	17
CARRYING ON BUSINESS IN MEXICO	**28**
Mining Regulations	28
Foreign Investment Regulation	29
Environmental Regulations	29
Indigenous Communities	30
Currency	31
RISK FACTORS	**33**
Risks Relating to the Company's Business Operations	33
Risks Relating to Financing the Company's Business Operations	40
Risks Relating to the Development of the Juanicipio Project	41
Risks Relating to the Company's Property Titles	47
Risks Related to Minority Interest Investment in the Juanicipio Project	48
Other Business Risks	50
Risks Relating to the Regulatory Environment	56
Risks Relating to the Company's Securities	60
MINERAL PROJECTS	**63**
Juanicipio Project	64
Other Properties	81
DIVIDENDS	**81**
DESCRIPTION OF CAPITAL STRUCTURE	**81**
Common Shares	81
Shareholder Rights Plan	82
MARKET FOR SECURITIES	**82**
Trading Price and Volume	82

Prior Sales 83
DIRECTORS AND OFFICERS 84
Name, Occupation and Security Holding as at March 31, 2022 84
Cease Trade Orders, Bankruptcies, Penalties or Sanctions 87
Conflicts of Interest 88
Code of Business Conduct and Ethics 88
Audit Committee 88
Compensation and Human Resources Committee 90
Governance and Nomination Committee 91
Health, Safety, Environment and Community Committee 91
Technical Committee 92
LEGAL PROCEEDINGS AND REGULATORY ACTIONS 92
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 92
TRANSFER AGENTS AND REGISTRARS 93
MATERIAL CONTRACTS 93
INTERESTS OF EXPERTS 93
ADDITIONAL INFORMATION 94
SCHEDULE “A” AUDIT COMMITTEE CHARTER A-1
SCHEDULE “B” GLOSSARY B-1

INTRODUCTORY NOTES

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

Date of Information

All information in this AIF is as of December 31, 2021 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
MAG Silver Juanicipio NI 43-101 Technical Report (Amended and Restated), Zacatecas State, Mexico	October 21, 2017 (Amended January 19, 2018)	January 19, 2018	Amended and Restated 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, zinc and copper production for specific operations;
- estimated future exploration and development expenditures and other expenses for specific operations;
- permitting timelines;
- the Company's expectations regarding impairments of mineral properties;
- the expected timeline to commercial production at the Juanicipio Project;
- the expected timeline to complete construction at the Juanicipio Project;
- the expected timeline for the CFE (as defined herein) to complete the tie-in of the Juanicipio Project to the national power grid and, as a consequence, the expected extended timeline for the processing plant at the Juanicipio Project to commence commissioning;
- the closing of the Gatling Acquisition (as defined herein) within the expected timeline, if at all;
- the expected benefits of the Gatling Acquisition;
- the Company's provision of the Bridge Loan (as defined herein) in connection with the Gatling Acquisition;
- the effective date of appointment of Fausto Di Trapani as CFO (as defined herein);
- the amount of mineralized development material to be processed through the Fresnillo plants;

- the annual exploration expenditures to be paid by the Company on the Deer Trail and other exploration projects;
- the expected capital and sustaining capital requirements to achieve commercial production at the Juanicipio Project;
- proposed amendments to the Federal Labour Law on Labour Subcontracting in Mexico and their potential impacts;
- the Company's expectations regarding the sufficiency of its capital resources and requirements for additional capital;
- litigation risks;
- currency fluctuations;
- environmental risks and reclamation costs;
- the Company's commitment to corporate social responsibility; and
- changes to governmental laws and regulations.

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.

Forward-looking statements are necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and many of which, regarding future business decisions, are subject to change. Assumptions and other factors underlying the Company's expectations regarding forward-looking statements or information contained in this prospectus include, among others:

- the Company's ability to manage growth effectively;
- the absence of material adverse changes in the mining industry or the global economy;
- trends in the mining industry and markets;
- the Company's ability to maintain good business relationships;
- the Company's ability to manage and integrate acquisitions;
- the Company's Mineral Resource estimates, and the assumptions upon which they are based;
- the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals;
- the Company's expectation that its operations will not be significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, social or political activism, breakdown, natural disasters, governmental or political actions, litigation or arbitration proceedings, equipment or infrastructure failure, labour shortages, transportation disruptions or accidents, or other development or exploration risks;
- the Company's expectations regarding the level of disruption to operations at the Juanicipio Project as a result of the novel coronavirus and variants thereof (collectively, "**COVID-19**");
- the Company's ability to meet the expected timelines to production;
- the Company's ability to retain key personnel;
- the Company's ability to raise sufficient debt or equity financing to support the Company's continued growth;
- the timely receipt of required approvals and permits;
- that the Company will continue to have sufficient working capital to fund its operations;

- the global financial markets and general economic conditions (including monetary policies and rates of inflation) will be stable and prosperous in the future;
- preliminary economic estimates and the assumptions upon which they are based relating to the Juanicipio Project; and
- the Company's Mineral Resource estimates and the assumptions upon which they are based.

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 material property is in the development stage and many such projects experience cost overruns or delays;
- 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 or those it has an interest in;
- 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 or those it has an interest in;
- risks related to the properties in which the Company has an interest being primarily located in foreign jurisdictions, including Mexico, which may be subject to political instability, governmental relations, adverse government policies and increased police and military enforcement action against criminal activities;
- the effect of global economic and political instability on the Company's business;
- the effect of the COVID-19 pandemic as a global pandemic on the Company's business;
- risks related to maintaining a positive relationship with the communities in which the Company operates;
- risks related to the Company's ability to finance substantial expenditures required for commercial operations on its mineral properties or those it has an interest in;
- the Company's history of losses and minimal revenues from operations to date;
- risks related to the Company's ability to arrange additional financing, and possible loss of the Company's interests in its properties or those it has an interest in due to a lack of adequate funding;
- risks related to access and availability of infrastructure, power and water;
- risks related to groundwater levels at the Juanicipio Project;
- risks related to a lack of access to a skilled workforce;
- risks related to the Juanicipio Project mine plan, mine design and development timeline to production;
- risks related to the Juanicipio Project not achieving the financial results and the development timeline consistent with the 2017 Resource Estimate and Preliminary Economic Assessment for the Juanicipio Project (collectively, the "**2017 PEA**")
- risks related to the capital requirements for the Juanicipio Project and the timeline to production;
- risks related to the Company's decision to participate in the development of the Juanicipio Project;
- risks related to title, challenge to title or potential title disputes regarding the Company's mineral properties or those it has an interest in;
- risks related to the Company being a minority shareholder of Minera Juanicipio, S.A. de C.V. and of and Equipos Chaparral, S.A. de C.V.;
- risks related to disputes with Minera Juanicipio (as defined herein) shareholders;

- 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;
- physical risks related to extreme climate events and natural disasters such as high temperatures, droughts and extreme rainfall;
- the highly competitive nature of the mineral exploration industry;
- risks related to the Company's ability to manage and integrate acquisitions;
- risks related to equipment shortages, access restrictions and lack of infrastructure on the Company's mineral properties or those it has an interest in;
- the Company's dependence upon key personnel;
- the Company's dependence on certain related party service providers (Minera Cascabel S.A. de C.V. (" **Cascabel**") and IMDEX Inc. ("**IMDEX**")) to conduct some of its operations in Mexico;
- the Company's dependence on Fresnillo plc ("**Fresnillo**") to attract, train and retain qualified personnel;
- the Company's dependence on Fresnillo to supervise and operate the Juanicipio Project;
- 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$/U.S.$ and U.S.$/Mexican peso exchange rates) and inflationary pressures;
- risks related to mining operations generally;
- risks related to fluctuation of mineral prices and marketability;
- risks related to the adverse application of new or existing laws, including without limitation anti-corruption laws, human rights laws and Mexican foreign investment, income tax laws and Mexican 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 common shares of the Company (the " **Common Shares**");
- the uncertainty of maintaining a liquid trading market for the Common Shares;
- 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 current mineral property 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 future sales or issuances of equity securities diluting voting power and reducing future earnings per share;
- risks related to dilution to existing shareholders if new shares are issued;
- Fresnillo's ability to maintain community relations programs;
- risks related to dilution to existing shareholders if deferred share units, restricted share units or performance share units are converted into Common Shares;
- the history of the Company with respect to not paying dividends and anticipation of not paying dividends in the immediate future; and
- the absence of a market through which the Company's securities, other than Common Shares, may be sold.

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.

Cautionary Note to Investors Concerning Estimates of Mineral Resources

Technical disclosure regarding the Company's properties included in this AIF and in the documents incorporated by reference herein was prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). NI 43-101 is an instrument developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the United States Securities and Exchange Commission (the "**SEC**") generally applicable to U.S. companies. Accordingly, information contained in this AIF is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

Investors are cautioned not to assume that any part or all of the mineral deposits categorized as "Inferred Mineral Resources" or "Indicated Mineral Resources" in these categories will ever be converted into Mineral Reserves. In addition, "Inferred Mineral Resources" are Mineral Resources for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. "Inferred Mineral Resources" are based on limited information and have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility, although it is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration.

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 by Fresnillo, as operator of the Juanicipio Project, 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. Dr. Megaw is not independent as he is an officer and a paid consultant of MAG Silver (see "*Conflicts of Interest*" and "*Interests of Management and Others in Material Transactions*" below).

Adjacent Property Disclosure

This AIF contains information regarding adjacent properties on which the Company has 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 the Company's properties.

Currency and Exchange Rates

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

The following table sets forth the rate of exchange for the C$ expressed in U.S.$ 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 as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars:

Canadian dollars, as expressed in U.S. dollars	**Year ended December 31,**		
	2021	**2020**	**2019**
Rate at end of period	$0.7888	$0.7854	$0.7699
Average rate for period	$0.7978	$0.7461	$0.7537
High for period	$0.8306	$0.7863	$0.7699
Low for period	$0.7727	$0.6898	$0.7353

The rate of exchange on March 30, 2022 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was C$1.00 equals U.S.$0.8019.

The following table sets forth the rate of exchange for the Mexican peso expressed in U.S.$ 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 U.S. dollars	**Year ended December 31,**		
	2021	**2020**	**2019**
Rate at end of period	$0.0487	$0.0502	$0.0530
Average rate for period	$0.0493	$0.0465	$0.0519
High for period	$0.0511	$0.0538	$0.0533
Low for period	$0.0458	$0.0398	$0.0497

The Official Closing Rate of exchange on March 30, 2022 as reported by the Banco de Mexico for the conversion of Mexican pesos into United States dollars was $1.00 pesos equals U.S.$0.0500.

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.

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* or National Instrument 14-101 – *Definitions* shall have the definitions set out therein.

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.

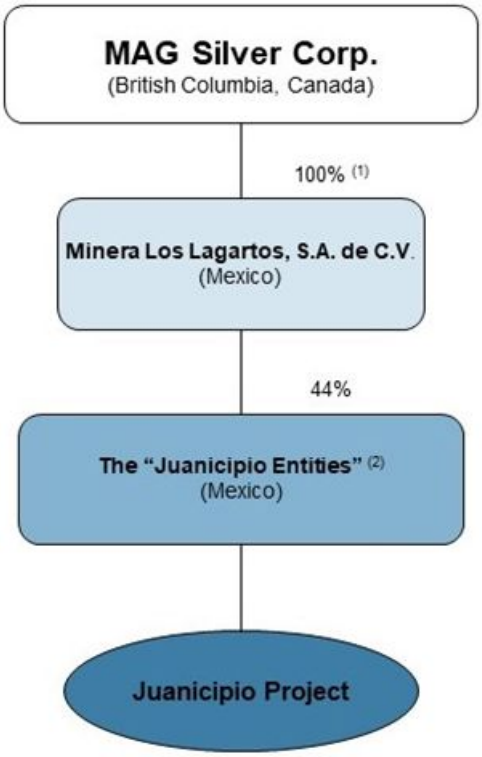
CORPORATE STRUCTURE

Name, Address and Incorporation

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. On July 27, 2005, the Company transitioned from the *Company Act* (British Columbia) to the *Business Corporations Act* (British Columbia) and concurrently adopted new articles and amended its authorized capital to an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value (the "**Preferred Shares**"). 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 following chart illustrates the Company's material subsidiaries, including the jurisdiction of incorporation of each subsidiary, and its associated property.



Notes:

(1) 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, on behalf of the Company. Lagartos is the registered owner of a 44% interest in the Juanicipio Entities, which holds the Juanicipio Project (as defined herein) with Fresnillo, a London Stock Exchange listed company controlled by Industrias Peñoles, S.A. de C.V. ("**Peñoles**"), which holds the remaining 56% interest in the Juanicipio Enitites.

(2) The "Juanicipio Entities" consist of: Minera Juanicipio S.A. de C.V. and Equipos Chaparral, S.A. de C.V. (" **Equipos Chaparral**"). On December 27, 2021 the Company and Fresnillo created Equipos Chaparral in the same ownership proportions as Minera Juanicipio S.A. de C.V. (Fresnillo 56% / MAG 44%) for the purpose of holding the Juanicipio plant and mining equipment, to be leased to Minera Juanicipio S.A. de C.V.. Minera Juanicipio S.A. de C.V. and Equipos Chaparral have been collectively referred to herein as "**Minera Juanicipio**."

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

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
Equipos Chaparral, S.A. de C.V.	44%(2)	Mexican Republic

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 Project (as defined herein) were held by Lagartos.

(2) 44% interest is owned by Lagartos, which in turn is owned 99.99% by the Company (see above).

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

MAG Silver is a Canadian development and exploration company focused on becoming a top-tier primary precious metals mining company by exploring and advancing high-grade, district scale, silver-gold dominant projects in the Americas. Its principal focus and asset is the Juanicipio Project (44%), being developed with Fresnillo plc (56%), the operator. The Juanicipio Project is located in the Fresnillo Silver Trend in Mexico, the world's premier silver mining camp, where the operator is currently developing an underground mine and constructing a 4,000 tonnes per day ("**tpd**") processing plant. Underground mine production of mineralized development material commenced in Q3 2020 and is being processed through adjacent Fresnillo-operated plants. An expanded exploration program is in place targeting multiple highly prospective targets at Juanicipio. MAG is also executing a multi-phase exploration program at the Deer Trail 100% earn-in project in Utah.

The Juanicipio Project

MAG's interest in the Juanicipio Project is through its 44% ownership of Minera Juanicipio (two corporations incorporated under the laws of Mexico – see Juanicipio Entities above), which owns the high-grade silver Juanicipio Project. Fresnillo is the project operator and holds the remaining 56% of Minera Juanicipio.

Development and exploration of the Juanicipio Project are both being carried out by the project operator, Fresnillo, with MAG participating in all Minera Juanicipio board of directors ("**Minera Juanicipio Board**") and technical committee meetings as well as ad-hoc meetings when required (see "*Risks Related to Minority Interest Investment in the Juanicipio Project*" below). Construction and commissioning of the processing plant is under the guidance of an Engineering, Procurement and Construction Management Agreement (the "**EPCM Agreement**") entered into with an affiliate of Fresnillo. MAG's share of project costs is funded primarily by cash calls through its 44% interest in Minera Juanicipio and, to a lesser extent, incurred directly by MAG to cover expenses related to its own commissioned technical studies and analyses, as well as direct project oversight. Minera Juanicipio is governed by a Shareholders' Agreement dated October 10, 2005 (the "**Shareholders' Agreement**") and corporate by-laws, pursuant to which each shareholder is to provide funding pro-rata to its ownership interest, and if either party does not fund pro-rata, their ownership interest will be diluted in accordance with the Shareholders' Agreement. An Operator Services Agreement (the "**Operator Services Agreement**") has been finalized and will become effective upon initiation of commercial production. As well, both lead and zinc concentrate off-take agreements have been executed by Minera Juanicipio with Met-Mex Peñolos, S.A. de C.V. ("**Met-Mex**"), under which both concentrates will be sold and treated at international benchmark market terms in Torreón, Mexico.

Fresnillo and MAG jointly approved the Juanicipio Project mine development on April 11, 2019, and project construction commenced immediately thereafter. Since that time, underground development and construction of surface infrastructure and facilities had progressed largely according to plan, with the exception of the early 2021 announcement that the commissioning of the Juanicipio processing plant had been pushed out to Q4 2021, a few months later than previously expected, due to COVID-19 related construction delays.

The Juanicipio Project team did deliver the project for plant commissioning in the fourth quarter of 2021; however, late in fourth quarter of 2021, the 'Comisión Federal de Electricidad' ("**CFE**"), the state-owned electrical company, notified Fresnillo that approval to complete the tie-in to the national power grid could not yet be granted and the mill commissioning timeline would therefore be extended by approximately six months. This primarily relates to staffing effects related to the COVID-19 pandemic on the state-owned electrical company.

As operator, Fresnillo continues to engage closely with the CFE and 'El Centro Nacional de Control de Energía' (" **CENACE**") to do all that it can to expedite these necessary approvals. Although there remains uncertainty regarding the timing for connecting the Juanicipio Project to the power grid, the current estimate, which continues to be subject to potential COVID-19 related realities, is that full load commissioning activities will be approved sometime after the first week of May 2022.

Beginning in August 2020, mineralized development material from the Juanicipio Project underground mine has been processed at the nearby Minera Fresnillo plant at a targeted average nominal rate of 16,000 tonnes per month. Stoping and mineralized mine development at the Juanicipio Project continues, and the processing rate increased to an average of 37,983 tonnes per month in Q4 2021. In order to minimize any potential adverse effect from the connection delay, Fresnillo is making available any unused plant capacity at its Minera Fresnillo and Minera Saucito operations to process mineralized material produced at the Juanicipio Project during this period, and if possible matching commissioning and ramp up tonnages that were previously expected. The effect on cash flow generation from the Juanicipio Project is therefore expected to be mitigated while CFE approvals are pending.

Other Projects

The Company has an interest in concession rights in other non-material properties on which the exploration is managed directly by MAG. Exploration on these interests, when undertaken, is undertaken by contracted service providers, as the Company has no direct employees outside of Canada. In the case of projects located in Mexico, MAG's work is contracted with third parties, including Cascabel and IMDEX (Cascabel and IMDEX are related companies to MAG - see "*Interest of Management and Others in Material Transactions*" below).

The Deer Trail Project

MAG entered into an option agreement (the "**Deer Trail Agreement**") effective December 20, 2018 to consolidate and acquire 100% of the historic Deer Trail Mine and surrounding Alunite Ridge area in Piute County, Utah (the "**Deer Trail Project**"). The counterparties to the Deer Trail Agreement contributed their respective Deer Trail claims and property rights to a newly formed company for a 99% interest in the company, with MAG holding the other 1% interest. MAG is the project operator and has the right to earn a 100% interest in the company and the Deer Trail Project, with the counterparties retaining a 2% Net Smelter Return ("**NSR**") royalty. In order to earn in 100%, MAG must make a total of $30 million in escalating annual exploration expenditures ($9,509,000 already expended to December 31, 2021) and $2 million in royalty payments ($450,000 already paid to December 31, 2021), both over 10 years, which commenced in December 2018. The combined optional annual commitments do not exceed $2.5 million per year until after 2025. All minimum obligatory commitments under the Deer Trail Agreement have been satisfied and future work and payments are at the full discretion of the Company.

The Deer Trail Project is a silver-rich Carbonate Replacement Deposit. Consolidating the property package allows MAG to apply its integrated district scale exploration model and apply new technologies to the search for an entire suite of mineralization styles expected to occur on the property.

Cinco de Mayo

In late 2012, certain members of the local Ejido challenged the Company's surface right access to the Cinco de Mayo property located in Mexico and prevented the Company from obtaining the surface access permission required in the exploration permit process. As the Company has been unable to negotiate a renewed surface access agreement with the Ejido, a full impairment was recognized on the property in the year ended December 31, 2016; however, the concessions are still maintained in good standing.

Three Year History

Over the three most recently completed financial years, the significant events described below contributed to the development of MAG's business.

Year Ended December 31, 2019

Juanicipio Project

On March 4, 2019, the Company reported assays for the 48-hole (46,060 metre) diamond drill program completed in late 2018. The reported drill results extended and confirmed continuity to depth of high-grade mineralization in the east and west Valdecañas Vein Deep Zones and in the Anticipada Vein. Drilling also coincidentally discovered the new Pre-Anticipada Vein in the hangingwall above the system.

Also announced on March 4, 2019 was the discovery of the northeast oriented "Venadas Vein" within the Juanicipio property.

On April 11, 2019, Fresnillo and MAG jointly announced formal project approval of the Juanicipio mine development plan. Minera Juanicipio also finalized the EPCM Agreement to oversee the mine development, as well as the Operator Services Agreement, which will become effective on commencement of commercial production. In addition, both lead and zinc concentrate off-take agreements were settled, under which both concentrates will be sold and treated at international benchmark market terms by Met-Mex in Torreón, Mexico.

Total underground development at the Juanicipio Project had exceeded 26 km by the end of the year. The underground development focus areas during 2019 were the three sub-vertical ramps descending alongside the mineralization and alongside the conveyor ramp to surface at mill site.

Detailed engineering was well advanced by year end, and earthmoving and foundation preparation had commenced for the construction of the 4,000 tpd beneficiation plant. Mill fabrication was progressing on schedule, and both SAG and ball mills were expected to be shipped to site in early 2020. Flotation cells and other process equipment had started to arrive on site during the year.

A 25,000-metre exploration program was completed in late October 2019, with assays pending at year end.

Financing and Corporate Activities

On February 10, 2020, the Company announced that Ms. Selma Lussenburg had joined MAG as a member of its board of directors (the "**Board**").

On April 27, 2020, the Company announced that it had completed a non-brokered private placement offering of 4,528,302 Common Shares to Mr. Eric Sprott, through 2176423 Ontario Ltd., a corporation beneficially controlled by Mr. Sprott, at a price of C$13.25 per Common Share, for gross proceeds of C$60,000,002.

On June 22, 2020, the Company announced the appointment of Mr. Peter Barnes as Chair of the Board.

On September 8, 2020, the Company announced the completion of a $50 million at-the-market equity program (the " **ATM Program**"), initially announced on June 30, 2020. MAG sold and issued 3,092,783 Common Shares under the ATM Program at an average price of $16.16 per share, for gross and net proceeds of $50 million and $48.625 million, respectively.

The Juanicipio Project

On February 24, 2020, Fresnillo and the Company issued a joint Juanicipio Project update, which included the following highlights:

- Production from the underground mine was expected to commence ahead of schedule in mid-2020, with mineralized material to be processed at the nearby Minera Fresnillo plant until the Juanicipio plant is commissioned.
- Based on detailed engineering, actual equipment purchases and construction contracts, estimated pre-operative capex, as estimated from January 1, 2018, had increased by 11.4% from $395 million to $440 million.

On March 3, 2020, results from the 2019 28-hole (33,864 metre) diamond drilling program were announced by the Company. The program expanded and upgraded the wide, high-grade Deep Zone and confirmed additional northeast-trending veins.

On April 22, 2020, the Company reported that the Mexican Government had issued an order for the temporary suspension of all "non-essential" activities until May 30, 2020 as part of its nationwide effort to slow the spread of COVID-19. While the order was in effect, underground development continued under government mandated hygiene protocols, while surface construction work and surface-based drilling were temporarily halted. All work resumed late in the second quarter with a phased restart having commenced on June 1, 2020.

On October 21, 2020, the Company announced that mineralized development material had commenced processing at the Minera Fresnillo plant during the third quarter of 2020.

During the period from August through December 2020, on a 100% basis:

- 71,859 tonnes of mineralized material with a head grade of 328 grams per tonne (" **g/t**") silver were processed through the Minera Fresnillo plant, with 616,341 payable silver ounces, 1,029 payable gold ounces, 163 tonnes of lead and 224 tonnes of zinc produced and sold.

- Pre-commercial production sales of $15.3 million (net of treatment and processing costs), less $3.9 million in mining and transportation costs, netting $11.4 million was recorded as gross profit by Minera Juanicipio.

Total underground development at the Juanicipio Project had exceeded 34 km by the end of the year, with preparation of the first production stope having concluded during the third quarter of 2020.

Construction of the 4,000 tpd Juanicipio processing plant continued to advance throughout 2020, with the plant foundations completed by year end, and fabrication for the plant in process. SAG and ball mills, flotation cells, all associated vessels, thickeners and ancillary process equipment had been secured early in the year, and as at year end, the lead and zinc flotation cell lines had been installed and were being connected to the hydraulic circuit.

The Deer Trail Project

On September 10, 2020, the Company announced that it had entered into the Deer Trail Agreement to consolidate and acquire 100% of the Deer Trail Project. The Deer Trail Project includes a mixture of patented and unpatented claims (approximately 5,600 hectares) encompassing the historic Deer Trail Mine and the adjoining Alunite Ridge area in Piute County, Utah.

With drill roads completed and drill pads fully permitted, a 6,500 metre Phase I surface drilling program commenced at the Deer Trail Project in the fourth quarter of 2020. Assays from the program were pending as at year end.

Year Ended December 31, 2021

Financing and Corporate Activities

On January 13, 2021, the Company announced that Ms. Susan Mathieu had joined MAG as a member of its Board.

On March 31, 2021, the Company announced the appointment of Mr. Tim Baker to the Board. Mr. Baker replaced Mr. Richard (Rick) Clark, who resigned from the Board effective March 31, 2021.

On August 3, 2021, MAG announced that Mr. Dale Peniuk had joined the Company as a member of its Board and as Chair of the Audit Committee. Mr. Peniuk filled the vacancy on the Board that was a result of Mr. Derek White not standing for re-election at the Company's 2021 Annual General Meeting of Shareholders.

On October 26, 2021, the Company announced the appointment of Mr. W.J. (Jim) Mallory as Chief Sustainability Officer.

On November 15, 2021, the Company announced that it had signed a binding commitment letter with the Bank of Montreal for a fully underwritten US$40 million revolving credit facility (the "**Facility**"). The Company's intention is for the Facility to be available for working capital and general corporate purposes, and to provide MAG with additional liquidity and financial flexibility for its 44% share of the Juanicipio development and exploration costs should it be needed.

On November 22, 2021, MAG announced that it had entered into an agreement with a syndicate of underwriters (the " **Underwriters**") led by BMO Capital Markets and Raymond James Ltd. under which the Underwriters had agreed to purchase on a bought deal basis 2,340,000 common shares of the Company (the "**Common Shares**"), at a price of US$17.15 per Common Share (the " **Offering**"). In addition, the Company had granted the Underwriters an option, exercisable at the offering price for a period of 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering to cover over-allotments, if any.

On November 29, 2021, the Company announced that it had completed the Offering and had issued a total of 2,691,000 Common Shares, which included 15,700 Common Shares issued to MAG insiders and 351,000 Common Shares issued upon the full exercise of the over-allotment option. Gross proceeds of the Offering amounted to US$46,150,650. MAG reported that the intended use of proceeds from the Offering were to fund exploration at Juanicipio and the Company's other projects including Deer Trail; to fund certain sustaining capital requirements at the Juanicipio Project not included in the initial project capital estimates; and for working capital and general corporate purposes.

The Juanicipio Project

Development and Commissioning Updates

On January 27, 2021, the Company announced that, according to Fresnillo, the project operator, commissioning of the Juanicipio processing plant was expected to commence in Q4 2021, a few months later than previously reported as some infrastructure contracts had been delayed due to COVID-19 and related to COVID-19 preventative measures implemented at site. Until such time, the Company reported that Fresnillo continued to expect to process mineralized material from Juanicipio through its Minera Fresnillo facility at a nominal rate of approximately 16,000 tonnes per month.

On October 27, 2021, MAG announced that construction of the Juanicipio processing plant was continuing to make good progress, with the focus on transitioning from construction to commissioning activities. The Company reported that pre-commissioning testing had already begun for key process plant systems, and that the plant was expected to be commissioned by year end according to the operator Fresnillo, subject to timely connection to Mexico's national power grid.

On December 27, 2021, Fresnillo and MAG issued a joint commissioning update on the Juanicipio Project. They announced that although the Juanicipio Project team had delivered the Project for plant commissioning on schedule, the CFE, the state-owned electrical company, had just notified Fresnillo that approval to complete the tie-in to the national power grid could not yet be granted and the mill commissioning timeline would therefore be extended by approximately six months. This tie-in delay was directly related to knock-on effects of the COVID-19 pandemic on the CFE's operations, predominantly related to a lack of CFE staff, which had limited its ability to oversee three key tasks to: review the existing installation; supervise physical connection to the active power grid; and approve required blackout prevention devices.

In the December 27, 2021 press release, MAG and Fresnillo reported that stoping and mineralized mine development at the Juanicipio Project would continue, and that in order to minimize any potential adverse effect of the connection delay, Fresnillo would make available any unused plant capacity at its Minera Fresnillo and Minera Saucito operations to process mineralized material produced at the Juanicipio Project, and, if possible, would match the commissioning and ramp up tonnages previously expected. The effect on cash flow generation from Juanicipio would therefore also be mitigated while CFE approvals were pending.

Quarterly Reports

For the year ended December 31, 2021, a total of 251,907 tonnes of mineralized material were processed at the Juanicipio Project, primarily from underground development, resulting in production before off-take agreement adjustments of 3,196,738 silver ounces and 6,576 gold ounces (1,406,564 silver ounces and 2,894 gold ounces were attributable to MAG). Production results for the Juanicipio Project reported on a quarterly basis are as follows:

1. first quarter production of 36,395 tonnes of underground development material (total production for the quarter based on provisional estimates before liquidation adjustments from the prior quarter totaled 462,321 silver ounces and 697 gold ounces (203,421 ounces of silver and 307 ounces of gold were attributable to MAG));

2. second quarter production of 44,435 tonnes of underground development material (total production for the quarter, based on provisional estimates before off-take agreement adjustments, totaled 434,885 silver ounces and 787 gold ounces (191,349 ounces of silver and 346 ounces of gold were attributable to MAG));

3. third quarter production of 57,127 tonnes of underground development material (total production for the quarter based on provisional estimates before liquidation adjustments from the prior quarter totaled 667,532 silver ounces and 1,107 gold ounces (293,714 ounces of silver and 487 ounces of gold were attributable to MAG)); and

4. fourth quarter production of 113,950 tonnes of mineralized material from both underground development and from initial stopes (total production for the quarter based on provisional estimates before off-take agreement adjustments totaled 1,632,000 silver ounces and 3,985 gold ounces (718,080 silver ounces and 1,754 gold ounces were attributable to MAG)).

Drilling Program

On August 5, 2021, the Company reported results from 2020 drilling on the Juanicipio Project (110 holes, 39,700m). Results of the 2020 drilling program:

1. confirmed and allowed modeling with greater detail and confidence of the high-grade silver resource within the upper parts of the Valdecañas Bonanza Zone where the first several years of mining will occur;

2. confirmed, expanded, and allowed improved modeling of the continuous wide mineralization of the Valdecañas Deep Zone; and

3. confirmed, expanded, and allowed improved modeling of the ever-growing Anticipada Vein.

Results of the Juanicipio 2021 exploration program are still pending.

The Deer Trail Project

On September 7, 2021, MAG reported the results of the Deer Trail Project's Phase 1 drill program (three holes, 3,927m, spaced along a 1.5 km long corridor). The Company announced that the program had successfully fulfilled all three of its planned objectives by:

1. confirming the presence of a thick section of more favorable carbonate host rocks (the predicted " **Redwall Limestone**" or "**Redwall**") below the Deer Trail Mine;

2. confirming and projecting two suspected mineralization feeder structures to depth; and

3. intercepting high-grade mineralization related to those structures in host rocks below what was historically known.

Recent Developments (Subsequent to December 31, 2021)

A further 89,925 tonnes of mineralized material were processed at the Fresnillo plants in January and February of 2022, with an average head grade of 529 g/t silver.

On March 11, 2022, MAG announced that it had entered into a definitive arrangement agreement (the " **Arrangement Agreement**") with Gatling Exploration Inc. ("**Gatling**"), a Canadian gold exploration company focused on advancing the Larder Gold Project, located in the Abitibi greenstone belt in Northern Ontario, Canada, pursuant to which, MAG will acquire all of the issued and outstanding common shares of Gatling by way of a court approved plan of arrangement under the BCBCA (the "**Gatling Acquisition**") by issuing Common Shares to shareholders of Gatling at an exchange ratio of 0.0170267 Common Shares per each Gatling share held. The Arrangement Agreement includes, amongst other customary conditions, a condition to closing that certain consultants of Gatling (the "**Gatling Consultants**") who are entitled to receive change of control payments in connection with the Gatling Acquisition agree to amend such payments, including to permit payment of such amounts in Common Shares of MAG, which will result in MAG issuing an aggregate 63,492 Common Shares to the Gatling Consultants. The Gatling Acquisition is subject to approval at a meeting of Gatling securityholders and the issuance of Common Shares in connection with the Gatling Acquisition, including those Common Shares to be issued to the Gatling Consultants, is subject to the receipt of applicable regulatory approvals, including the approval of the TSX and NYSE American, and the satisfaction of certain other closing conditions customary in transactions of this nature and is anticipated to be completed by late May 2022.

In connection with the Gatling Acquisition, on March 11, 2022, MAG and Gatling entered into a loan agreement pursuant to which MAG has agreed to provide Gatling with a C$3 million secured bridge loan (the "**Bridge Loan**") convertible into common shares of Gatling at MAG's option, repayable upon demand by MAG if the Arrangement Agreement is terminated or at any time following the effective date of the Gatling Acquisition.

On March 28, 2022, the Company announced the appointment of Fausto Di Trapani as Chief Financial Officer (" **CFO**"), effective May 20, 2022. Mr. Di Trapani is a finance executive with experience in the natural resources sector spanning two decades, most recently having served as the Chief Financial Officer at Galiano Gold Inc. Mr. Di Trapani replaces Mr. Larry Taddei, who, after 12 years of service with the Company, will step down from the CFO role to pursue other opportunities. Mr. Taddei will assist in the orderly transition of his duties following Mr. Di Trapani's appointment.

Please see the "Risk Factors" section of this AIF for more information about any risks relating to the Company's business.

DESCRIPTION OF THE BUSINESS

General

MAG Silver is a Canadian development and exploration company focused on becoming a top-tier primary precious metals mining company by exploring and advancing high-grade, district-scale, silver-gold dominant projects in the Americas. MAG's principal focus is the successful development of the Juanicipio Project with the goal of achieving commercial production in 2022, and further exploration of the Juanicipio property. The Company continually looks to enhance its project portfolio by evaluating existing projects through successful exploration of its current property holdings. MAG continues to execute its business plan prudently, with ongoing project evaluations focusing primarily on potential high-grade, high-margin, district-scale opportunities.

MAG's Common Shares trade on the Toronto Stock Exchange (" **TSX**") and the NYSE American both under the symbol "MAG".

Principal Markets

Initial production from the Juanicipio Project commenced in August 2020, and since then, mineralized development material and initial stope material from the underground mine has been processed at two nearby processing plants at an average nominal rate of 16,000 tonnes per month. This rate increased to an average of 37,983 tonnes per month in Q4 2021. Mineralized material from the Juanicipio Project is expected to continue to be processed at the Minera Fresnillo and Minera Saucito plants until the 4,000 tpd Juanicipio plant is commissioned. According to Fresnillo, commissioning of the Juanicipio plant is expected to commence in Q2 2022 with the expectation to ramp up the Juanicipio operations to 85-90% of capacity by year end.

Metals are commonly sold as concentrates, often with several metals in a single concentrate. In the case of Juanicipio, both lead (silver rich) and zinc concentrate will be produced. The lead concentrate will contain silver, gold and lead, and the zinc concentrate will contain silver, gold and zinc. Lead and zinc concentrates are commonly sold as part of the world's mining and metals industries. The Juanicipio Project concentrates are being sold and treated at international benchmark market terms under off-take agreements with Met-Mex. The basis of payments is the gross value of the metals that can be extracted and refined from the concentrates based on contained metal assays, with Met-Mex charging a base treatment charge and various deductions and payment terms as defined within the off-take agreements.

Employees and Consultants

The Company's business is administered from its head office in Vancouver, British Columbia, Canada. As of December 31, 2021, the Company had ten employees and three consultants.

Specialized Skills and Knowledge

Many aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mining, metallurgy, engineering, environmental issues, permitting, social issues and accounting. The Company believes it has the appropriate employees and consultants with experience in these specialized areas to meet its current needs.

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 Project, in which the Company owns a 44%, is considered the only material property of the Company. The Company's interest in the Juanicipio Project is held through its indirect 44% shareholdings in Minera Juanicipio and is governed by the terms of the Shareholders' Agreement with Fresnillo, which holds the other 56% interest. As a minority stakeholder in the project, the Company is subject to various risks (see "*Risks Related to Minority Interest Investment in the Juanicipio Project* " in "*Risk Factors*" below).

Corporate Social Responsibility

The Company is committed to delivering lasting and sustainable value to its people, stakeholders and communities. The Company's approach to sustainability and responsible development integrates health, safety, environment and social responsibility into its business strategy.

The Company engages with groups which share its values and commitment to responsible mining. The Company's commitment is supported by its policies, procedures and voluntary codes to which the Company adheres. The Company cares about the health and well-being of its people, communities and environment, and promotes a culture of zero harm.

Juanicipio Project

The Juanicipio Project is located in the Fresnillo District of Mexico near Fresnillo's Saucito and Fresnillo mines. As the operator of the Juanicipio Project and of its wholly owned Saucito and Fresnillo mines, Fresnillo takes a 'district approach' to community relations in the area. The community relations team at the Juanicipio Project often work in concert with their counterparts at the established Saucito and Fresnillo mines.

During 2021 at the Juanicipio Project, extensive community projects were undertaken encompassing the areas of education, health, capacity building and microenterprise projects. These community project benefitted over 3,500 people in the local communities. Education projects for the communities near the Juanicipio Project included a virtual reading workshop, collaboration with a Mexican publishing house where the Juanicipio Project donated textbook packages, and infrastructure projects that included classroom improvements for primary students and multi-purpose recreational courts. The Juanicipio Project assisted local communities through a "Safe Return to Schools" program, to safely resume in-person classes during the COVID-19 pandemic. The program provided schools with hygiene and sanitation supplies, COVID-19 procedures, and surveyed and assessed the perceptions around children returning to school.

The Juanicipio Project has two agreements with the Fresnillo City Council and their Directorates of Economic and Agricultural Development. The capacity building project collaborates directly with the municipality on productive ventures that include the formation of new microenterprises (sewing, handicrafts, bakery, barbershop, and jewelry and craft workshop). Further community assessments will be carried out in 2022 to map entrepreneurs that meet the microenterprise development project criteria.

Further, family garden projects and small backyard poultry farms were developed in the communities near the Juanicipio Project in 2021, with expansion plans for 2022. Additional community projects in 2021 include a nopal forage project, a sustainable carpentry project and a community cleaning and reforestation project.

Deer Trail Project

Community engagement at the Deer Trail Project is managed directly by the Company, with stakeholder relations expanding through contributions to community events, sponsorships and certain initiatives where employees engage in smaller community activities. Community engagement efforts provide Deer Trail Project team members with opportunities to explain project strategy and performance, while receiving feedback and guidance on matters of importance to stakeholders, allowing for the consideration of stakeholder interests.

In 2021, the Company expanded its social management system by introducing a grievance mechanism and a social investment framework to the Deer Trail Project. The feedback mechanism tool, called "The Deer is Listening," was introduced to employees and the community to improve communication and proactively resolve issues of concern. The social investment framework emphasizes collaboration with local communities and provides support through employee volunteerism, donations, sponsorships and development programs and projects.

Health and Safety

The Company is committed to the health and safety of its employees, consultants, business partners and communities in which the Company operates. The Company's safety vision is to create a culture of zero harm and a workplace free of injuries and occupational illnesses. The Company requires its workers to participate in risk assessments involving their work, including job hazard analysis and field-level risk assessments, and workers are empowered to stop work if unsafe work practices or hazards are identified.

Juanicipio Project

The "I Care, We Care" safety management system has been fully adopted by the Juanicipio Project and implementation is ongoing. The system identifies the most critical risks or risks with the greatest potential to harm individuals and, with collaboration from managers, supervisors, operators and contractors, implements the controls required to mitigate those risks. The system focuses on evaluating safety performance and monitors the progress of reducing High Potential Incidents (HPIs) and unsafe conditions in the workplace.

There were no employee or contractor fatalities at the Juanicipio Project in 2021 and the Lost Time Injury (LTI) frequency rate was reduced by 16% over the previous year's results to 8.7 injuries per one million hours worked.

Deer Trail Project

Risk awareness and emergency preparedness have been key focal points in the proactive safety program at the Deer Trail Project. Safety training in 2021 included mine rescue training with support on three occasions from other nearby mining operations. Employees also received training to improve workplace safety inspection, hazard identification and risk mitigation techniques and they participated in monthly risk scenario planning exercises. Additionally, the team has been working with local medical services receiving training in emergency response techniques. A total of 770 hours, or approximately 2.6% of total hours worked, were dedicated to safety training and risk awareness in 2021.

There were no employee or contractor fatalities, lost-time injuries or reportable incidents recorded at the Deer Trail Project in 2021.

Environmental, Social and Governance Matters

In 2021, the Company appointed a Chief Sustainability Officer, emphasizing the priority the Company places on integrating sustainability goals and Environmental, Social and Governance ("**ESG**") priorities into its business plans and operations, and ensuring that health and safety performance, risk management processes, environmental excellence, public affairs, community relations and human resource development plans advance as integral components of the Company's corporate strategy.

During 2021, the Company conducted a review of ESG and sustainability matters relevant to its business and the communities within which it operates. The key ESG aspects identified from this review included, but was not limited to, health and safety (including COVID-19 protocols), human rights, security, local communities, gender, environmental stewardship, water stress, biodiversity, tailings storage facilities, climate change, business ethics and transparency. The review was discussed at length with the Health, Safety, Environment and Community Committee of the Board (the "**HSEC Committee**").

The Company's ongoing analysis of ESG matters continues to highlight the importance of climate change risks in the mining sector and the Company's projects. In 2021, MAG benchmarked current performance to the recommendations of the Task Force for Climate-Related Financial Disclosure (TCFD) to evaluate how climate change risks may affect its operations and to identify intervention opportunities to consider to further strengthen the Company's climate-governance practices and address key transition and physical risks. The development of a climate change management plan continues in 2022 and planned disclosures will align with the TCFD recommendations. Physical climate change risks are included in MAG's risk register and are reviewed regularly by the Enterprise Risk Advisory Committee ("**ERAC**") and reported to the Board. The Board has established a Technical Committee (the "**Technical Committee**") which, in conjunction with the HSEC Committee, reviews technical aspects of safety and environmental risks, specifically climate change impacts and tailings management. Greenhouse gas emissions (Scope 1 and 2) at the Juanicipio Project are tracked and assessed to identify opportunities to improve efficiencies, reduce Greenhouse gas emissions and promote the use of renewable energy.

In 2021, the Company implemented its ESG development plan which consisted of a staged approach to enhance ESG performance through improvements to public disclosure of health safety and environmental performance data, policies, developing management systems and programs, and active engagement of employees and community members. Improvements were made to MAG's Diversity, Equity and Inclusion Policy; Human Rights Policy; Health, Safety, Environment and Social Responsibility Policies; Whistleblower Protection Policy; and Timely Disclosure, Confidentiality and Insider Trading Policy. The Company will publish it first Sustainability Report in the third quarter of 2022

In 2021, the Company joined the United Nations Global Compact, and in early 2022, completed an extensive review and internal assessment to understand MAG's interaction with the United Nations' Sustainable Development Goals. The Company is also a new member of the Silver Institute and is a recent participant in their Sustainability Committee.

MAG's Response to COVID-19

Corporate Office

In 2020 and throughout 2021, the Company implemented COVID-19 Safe Work Procedures that have been updated to reflect the changing variants, conditions and health recommendations. The Company's corporate office has adopted a hybrid work model and the majority of management and Board meetings have been held virtually.

Juanicipio Project

Fresnillo, as operator of the Juanicipio Project, continues to closely monitor the spread of the COVID-19 virus and has implemented a range of safety measures following guidelines in accordance with the World Health Organization and Mexican authorities. These include stringent monitoring and hygiene practices, mandatory mask use, temperature screening and social distancing. Testing campaigns (PCR, Antigen and Antibody) of workers and contact tracing have been used to identify potential cases and prevent the spread of the virus. Antigen test campaigns were also conducted for family members of Juanicipio Project workers. Fresnillo shared COVID-19 tests with the communities neighboring the Juanicipio Project and donated medical and preventative equipment to local health authorities. The Juanicipio Project also donated food, masks and antibacterial gels to vulnerable people. Fresnillo assisted state vaccination efforts by providing facilities for vaccination clinics and transport for Juanicipio Project workers to and from the clinics. Fresnillo maintains an open dialogue with government officials at both the federal and local levels.

Deer Trail Project

In response to the COVID-19 pandemic and following discussions with the Utah Center for Disease Control, the Company established its COVID-19 Protocol for the Deer Trail Project in 2020. The Protocol has been frequently updated to reflect the changing coronavirus variants, conditions, and health recommendations. COVID-19 safety measures employed at the Deer Trail Project include testing, stringent monitoring and hygiene practices, mandatory mask use, temperature screening and social distancing.

The Company adopts similar COVID-19 protection protocols at its other, non-material exploration properties.

Health, Safety, Environment and Community Committee

As part of its mandate to assist the Board in the oversight of ESG and sustainability matters, the HSEC Committee is responsible for reviewing MAG's sustainability conduct including the Health, Safety, Environment and Social Responsibility Policies, the Human Rights Policy, and for monitoring the Company's practices and performance in these areas. The HSEC Committee is currently comprised of the following members of the Board: Dan MacInnis (Chair), Selma Lussenburg, Susan Mathieu and Tim Baker. The HSEC Committee meets a minimum of four times per year and reports to the Board after each HSEC Committee meeting.

For additional information regarding the HSEC Committee, see " *Directors and Officers*" below.

Governance and Nomination Committee

The Governance and Nomination Committee of the Board also plays an important role in assisting the Board with its oversight of ESG matters. The Governance and Nomination Committee is responsible for developing and implementing governance guidelines and principles, providing governance leadership to the Company and monitoring governance programs and policies, including without limitation, the Code of Business Conduct and Ethics (the "**Code of Conduct**") and the Anti-Bribery and Anti-Corruption Policy. The Governance and Nomination Committee regularly reviews MAG's policies to ensure compliance with the applicable rules and regulations, and where necessary or desirable on account of governance trends that are appropriate for the Company, recommends changes, or the adoption of further policies, to the Board for approval. The Governance and Nomination Committee is currently comprised of the following members of the Board: Jill Leversage (Chair), Selma Lussenburg and Peter Barnes. The Governance and Nomination Committee meets a minimum of four times per year and reports to the Board after each meeting.

For additional information regarding the Governance and Nomination Committee, see " *Directors and Officers*" below.

Technical Committee

In 2021, the Company formed the Technical Committee of the Board, whose mandate is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's operational performance and operating risks from a technical perspective. The Company's operations include exploration and development projects, operating mines, projects in reclamation and projects being considered as acquisition targets. The Technical Committee is currently comprised of the following members of the Board: Susan Mathieu (Chair), Tim Baker and Dan MacInnis. The Technical Committee meets a minimum of twice per year and reports to the Board after each Technical Committee meeting.

For additional information regarding the Technical Committee, see " *Directors and Officers*" below.

Health and Safety Policy

In early 2021, the Company updated its Health and Safety Policy to clarify its approach and strengthen its commitments to health and safety. MAG is committed to the health, safety and welfare of its employees, directors, consultants and contractors, as well as the safety and well-being of their families and the communities surrounding the Company's operations. The Company expects all team members to take responsibility for their personal safety and for the safety of others working around them. MAG is committed to working towards a culture of zero harm. Through a strong risk management approach, MAG engages with and trains employees and contractors under its direction to recognize, understand and mitigate hazards of the workplace to prevent incidents and injuries.

To achieve its health and safety commitments, MAG will:

- Provide team members with the necessary training, guidance, direction and knowledge to safely perform their tasks; and maintain records of the training.
- Institute, document and maintain a health and safety management system, applying proven management practices, to prevent personal harm, mitigate impacts and foster a culture of proactive safety management and open communication.
- Empower team members through regular engagement to promote behavioural safety as a core organizational value and to restate that their skills and competence are essential for their safety and the safety of others.
- Require that each site has an emergency response procedure, and that such procedures are regularly maintained and tested to minimize the impacts of unforeseen events.
- Provide access to first aid facilities and services, and obligate team members to wear personal protective equipment when required.
- Support and encourage the efforts of team members to gain the knowledge and skills to promote a safe and healthy life beyond the workplace.
- Identify, eliminate, isolate and/or mitigate health and safety risks and hazards that could result in incidents or injuries.
- Encourage and foster open communication and reporting of hazards, near-miss or potential incidents, while supporting team members in the timely resolution of unsafe conditions.
- Continuously seek improvements in policies and procedures to further lower risk and eliminate hazards through team member communication and feedback, motivation, reward and recognition; health and safety system reviews; and the incorporation of new technology, techniques and processes.
- Conduct periodic monitoring and audits to evaluate compliance with this policy, applicable health and safety laws and regulations, standards, and permit and license conditions.

Environmental Policy

MAG is committed to wise environmental stewardship. MAG employees care about protecting the environment for future generations while providing for safe, responsible and profitable projects by developing natural resources for the benefit of its stakeholders.

In early 2021, MAG updated its Environmental Policy to strengthen its commitments to minimizing its environmental impact and protecting the natural environment of the areas in which the Company works or has an interest in.

To achieve its environmental commitments, MAG will:

- Fully comply with applicable environmental laws, regulations and other environmental obligations.
- Institute, document and maintain an environmental management system, applying proven management practices, to prevent pollution, mitigate impacts and foster a culture of environmental stewardship.
- Communicate its commitment to excellence in environmental performance with MAG employees, directors, consultants, contractors and communities in which the Company operates.
- Strive to minimize releases to the air, land or water, and establish appropriate treatment and disposal processes for waste.
- Allocate the necessary resources to meet its reclamation and environmental obligations.
- Monitor performance and report progress to its stakeholders on a timely basis.
- Continuously seek improvements in policies and procedures to further lower risk through team member communication and feedback, motivation, reward and recognition; environmental system reviews; and the incorporation of new technology, techniques and processes.
- Engage openly and transparently with interested parties to develop a mutual understanding of environmental issues, needs and expectations.
- Conduct periodic monitoring and audits to evaluate compliance with this policy, applicable environmental laws and regulations, standards, and permit and license conditions.

Social Responsibility Policy

In early 2022, MAG updated its Social Responsibility Policy to address the importance of engaging with Indigenous communities through meaningful dialogue and cooperation . The Company takes a shared-value approach to local development activities to promote sustainable and lasting economic and social benefits. MAG is focused on building trust and respect, considerate of its stakeholders' concerns, and making a positive difference in the communities in which the Company lives and works.

To achieve its social responsibility commitments, MAG will:

- Identify and engage our communities of interest in inclusive, transparent and culturally respectful dialogue before undertaking significant activities throughout the life of a project.
- Establish formal grievance and dispute resolution mechanisms as part of our overall community engagement process.
- Monitor, continuously improve and report on the performance and effectiveness of our activities related to corporate social responsibility.
- Implement meaningful and effective strategies for community engagement.
- Facilitate opportunities for community or individual growth.
- Encourage a culture of safety among our stakeholders and local communities.

- Respect the social, economic and cultural rights of local people, including Indigenous Peoples, and build cultural awareness across all of our projects and operations.

- Engage through meaningful dialogue and cooperation with Indigenous communities by seeking to fully inform and receive input on the likely impacts and opportunities arising from the Company's activities, including during social and environmental impact assessments of new projects.

- Support local and regional development in the areas of our operations and projects through training and employment; and support sustainable development initiatives that benefit communities where we operate.

- Continuously seek improvements in policies, programs and initiatives to minimize social risk through team member development and ongoing community engagement processes.

- Adhere to applicable laws and regulations of the countries and regions in which we conduct our business, including those relating to human rights, and operate in a manner consistent with industry best practices.

The Health, Safety, Environment and Social Responsibility Policies are available on the Company's website at https://magsilver.com/corporate/governance/.

Human Rights Policy

In early 2022, MAG updated its Human Rights Policy to strengthen its commitment to promoting a culture of respect for human rights and inclusion that aligns with the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's ("**ILO**") Declaration on Fundamental Principles and Rights at Work, international humanitarian law and applicable local human rights legislation.

MAG strives to safeguard the promotion of human rights in the workplace and integrate human rights into its due diligence and risk assessment processes, and other policies and procedures.

To achieve its human rights commitments, MAG will:

- Respect the rights and dignity of our employees, directors, consultants, contractors, partners and community members affected by our business.

- Create a safe, inclusive and diverse workplace where decisions are non-discriminatory towards race, color, religion, nationality, gender, gender identity, ethnicity, age, marital status, creed, sexual orientation, political beliefs, pregnancy, disability or other basis prohibited by law.

- Respect workers' rights related to working conditions, freedom of peaceful assembly and association, freedom of speech, collective bargaining, maximum working hours and minimum wages, consistent with the relevant ILO conventions.

- Take actions to raise employee awareness of international standards and guiding principles for human rights and provide regular training on this Policy.

- Respect the history, culture and traditional ways of Indigenous Peoples, their standing as distinct, self-determining peoples, and their interests in land, waters and the environment.

- Engage in constructive dialogue and partnerships with our stakeholders to better understand how our activities affect their human rights.

- Establish operations-level grievance and dispute resolution mechanisms for human rights issues; and if a human rights issue arises, assess and act upon findings of the investigation.

- Maintain a zero tolerance approach to the use of forced, compulsory or child labour.

- Continuously seek improvements to this Policy and other human rights related programs and procedures to further embed respect for human rights into the Company's culture, operations and workforce.

The Human Rights Policy is available on the Company's website at https://magsilver.com/corporate/governance/.

Diversity, Equity, and Inclusion Policy

In 2021, the Company updated its Diversity, Equity and Inclusion Policy. The Company believes in and embraces the benefits that diversity brings to its Board, members of senior management and all employees of the Company and its subsidiaries. Diversity, equity and inclusion promotes the recognition and use of all available talent, creates opportunities for innovation, and drives strategic advantage to achieve the Company's objectives and deliver positive results to its stakeholders through a range of perspectives, experiences and expertise. The Company is committed to fostering and cultivating a diverse, equitable and inclusive culture and workforce by selecting the best individuals to occupy its Board, senior management and other roles within the Company, free of bias or discrimination. Diversity, equity and inclusion are defined in the policy as follows:

"Diversity" includes any dimension that can be used to differentiate individuals or groups of people from one another, including without limitation, gender identity and gender expression, sex, sexual orientation, age, language, race, nationality, cultural background, indigenous status, religious beliefs, members of visible minorities and other ethnic distinctions, physical or mental abilities, marital or family status, education, regional and industry experience, and expertise.

"Equity" allows individuals or groups of people to contribute and access the same opportunities without discrimination.

"Inclusion" ensures that all individuals or groups of people feel welcomed, valued, respected, and leveraged in all environments.

The Company is committed to creating and supporting a diverse, equitable and inclusive workplace that recognizes and values differences, where everyone is treated fairly and with respect, and where all employees have equal opportunity to succeed. To achieve this commitment, the Company will:

- Incorporate diversity and inclusion considerations into practices and policies relating to recruitment and selection, compensation and benefits, professional development and succession planning.

- Implement diversity, equity and inclusion awareness training program to facilitate positive intergroup interaction, equitable and inclusive evaluation, and diversity management.

- Develop flexible scheduling programs for work arrangements and leave options that accommodate the diverse needs of our employees at different career and life stages, including those with family and caring responsibilities, to assist with recruitment and retention.

- Implement and assess the application of policies that address impediments to gender diversity in the workplace and that promote employment decisions that are transparent, merit-based, unbiased, equitable and procedurally fair.

- Continue to identify new ways to entrench diversity, equity and inclusion as a cultural priority or core value across the Company, including supporting and empowering employees to bring their individual experiences to work, experience psychological safety and wellbeing, and feel a genuine sense of belonging at MAG.

- Monitor, continuously improve and report on the performance and effectiveness of the Company's activities related to diversity, equity and inclusion in the workplace.

In early 2021, the Company committed itself to increasing Board and senior management diversity and set a target to achieve a minimum of 30% of the Board being represented by gender diverse directors. With the appointment of Ms. Selma Lussenburg on February 1, 2020, and Ms. Susan Mathieu on January 13, 2021, 37.5% of MAG's current Board is female. Going forward, MAG will continue its efforts to incorporate a broad range of diversity dimensions at the Board and within management, while promoting a culture of equity and inclusion within the Company.

The Diversity, Equity and Inclusion Policy can be found on the Company's website at https://magsilver.com/corporate/governance/.

Code of Business Conduct and Ethics

In early 2022 the Company approved an updated Code of Conduct . The Company is committed to the highest standards of ethical business practice as is reflected in the Code of Conduct. The Company believes that following high standards of ethics and integrity is simply the right way to do business. Specific objectives of the Code of Conduct are to promote:

- honest and ethical conduct;

- handling of actual or apparent conflicts with the interests of the Company, including the avoidance of such conflicts and disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;

- confidentiality of corporate information;

- protection and proper use of corporate assets and opportunities;

- compliance with applicable governmental laws, rules and regulations;

- the prompt internal reporting of any violations of this Code of Conduct to an appropriate person; and

- accountability for adherence to the Code of Conduct.

The Code of Conduct provides guidance on ethical and legal responsibilities and all Company personnel are expected to comply with the Code of Conduct.

Anti-Bribery and Anti-Corruption Policy

In early 2022, the Company approved an updated Anti-Bribery and Anti-Corruption Policy. The Anti-Bribery and Anti-Corruption Policy is critical to maintaining MAG's corporate reputation and protecting the interests of its shareholders, employees, customers, suppliers, business partners, stakeholders and communities. The objective of the Anti-Bribery and Anti-Corruption Policy is to provide guidance and procedures to ensure that the Company conducts business in an honest and ethical manner when dealing with Public Officials and all other parties, and in compliance with all applicable laws and regulations pertaining to bribery and corruption. All directors, officers, employees and key consultants annually acknowledge MAG's Anti-Corruption and Anti-Bribery Policy by signing a Compliance Certificate.

The Code of Conduct and the Anti-Bribery and Anti-Corruption Policy can be found on the Company's website at https://magsilver.com/corporate/governance/.

Whistleblower Protection Policy

In 2021, the Company updated its Whistleblower Protection Policy to strengthen its commitments and reporting system. The Company is committed to maintaining a system which allows it to receive, retain and address all complaints received relating to, among other things, accounting, internal accounting controls, auditing matters, violations of the Company's Code of Conduct, violations of other internal policies and guidelines (including anti-bribery and corruption), or violations of any applicable law or regulation. The Board has delegated to the Audit Committee the responsibility for establishing procedures for (a) the confidential, anonymous submission by directors, officers, employees, consultants, contractors and other stakeholders of the Company of concerns regarding whistleblowing matters, and (b) the receipt, retention, and treatment of complaints received by the Company regarding whistleblowing matters.

The Company has established an independent, third-party, whistleblower hotline through Integrity Counts, a Canadian provider of global ethics reporting services. Integrity Counts, as an independent and external administrator of this helpline, allows any employee, contractor or member of the public who becomes aware of a violation of the Company's Code of Conduct, violations of other internal policies or guidelines or violations of any applicable law or regulations to anonymously report suspected violations. Submissions can be made in English or Spanish, twenty-four hours a day, seven days a week.

There have been zero whistleblower reports filed since its inception.

The Whistleblower Protection Policy can be found on the Company's website at https://magsilver.com/corporate/governance/.

Enterprise Risk Management Framework

The Company is committed to improving its ability to create, enhance and protect enterprise value through the regular identification and management of risks in carrying on its business. The Company recognizes that risks represent both opportunities and threats, and therefore an effective, enterprise-wide risk management program is essential to enable the Company to pursue its strategic objectives and realize operational goals within an acceptable range of associated risk.

The Company has a Corporate Crisis Management Team and a Crisis Management and Communication Plan that provides guidelines for the successful and professional management and communication of business interruption events affecting MAG's operations, reputation, employees and their families, contractors, neighbouring communities and the surrounding environment.

In 2021, the Company formed the ERAC, made up of five members of the MAG management team, to oversee the processes that are in place for identifying significant risks to the achievement of the Company's objectives, and to confirm that procedures are established to mitigate the impact of significant risks in the best interests of the Company's stakeholders and in accordance with the risk appetite of the Company. The ERAC is responsible for reporting on the principal risks and mitigation strategies to the Audit Committee on a quarterly basis, and to the Board at least annually, or more frequently as requested.

Also in 2021, the Company approved an Enterprise Risk Management (" **ERM**") Policy. All employees, directors, consultants and contractors providing services for or on behalf of the Company are responsible for incorporating this ERM Policy into planning and business decisions to support the achievement of the objectives stated therein.

The Company will provide appropriate resources to establish a culture where an enterprise-wide risk management program is:

- Systematic, structured and integral to all of the Company's organizational processes, including strategic planning and decision making.
- Transparent and inclusive, engaging employees broadly to identify, assess and address risk considerations so that the Company's business culture supports value creation where appropriate risk/reward trade-offs are consistently made.
- Aligned with the Company's strategic planning, budgeting and other business cycles, and executed in a timely manner.
- Iterative and based on best available information, which is updated and reassessed as circumstances warrant.
- Influenced by human behaviour and cultural considerations, which are considered in all aspects of risk management.
- Adaptive to the Company's business needs and reviewed at least annually, and at any time there is significant change in the business or the environment in which the Company operates.

The Enterprise Risk Management Policy can be found on the Company's website at https://magsilver.com/corporate/governance/.

CARRYING ON BUSINESS IN MEXICO

The Company's primary property interest is 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 (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. Such record has to be requested within the fifteen business days following the execution or notarization of the corresponding assignment of rights agreement.

Although the Law of Foreign Investment (Ley de Inversión Extranjera) 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 a 0.5% extraordinary governmental fee on precious metals (see "*Mining Fees*" below); 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. Holders of mining concessions are also required to pay mining concession fees which are assessed and levied on a semi-annual basis and charged at a per hectare rate 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 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 in certain circumstances, and under a criteria determined by the Law of Foreign Investment, an annual report and/or quarterly reports with respect to the operations carried out during the preceding fiscal year which is necessary in order to renew their certificate of record with such Registry.

Environmental Regulations

Mexico has federal, state and municipal laws and regulations, as well as international agreements related 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 wastewater 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 applicable Environmental Laws.

The possible impact on the Company's operations from noncompliance or delays in required environmental approvals are discussed below in "*Risk Factors*", specifically "*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 and Minera Juanicipio's operations.*"

There are also legal and environmental obligations required to restore a mining operation to certain local standards upon closing the Company's mining operations. The required restoration activities include demobilization and removal of structures, mine rehabilitation, plant dismantling, as well as sanitation and reforestation of affected areas. The obligation generally arises when the mine is developed, and the environment is altered at the place of production. The Company records and accrues closure cost estimates on its property interests.

Indigenous Communities

There is a recent precent ruled by the Superior Court of Justice whereby it establishes that in the case of a mineral claim located within a land where an Indigenous community is located, before issuing the corresponding mining concession title, the Ministry of Economy first needs to obtain the consent from such Indigenous community approving the development of a mine.

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 significant devaluation of the Mexican peso in December 1994, uncertainties continue with respect to the financial situation of Mexico and the volatility of the Mexican peso. See "*Risk Factors*" below, 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 (Mexican peso/US$)
2021	20.2824
2020	21.4935
2019	19.2605
2018	19.2432
2017	18.9232

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 the majority of 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.

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, but the Company has to date been able to recover all of its VAT paid. Minera Juanicipio also holds a VAT receivable balance, and the collections of these receivables, if not recovered on a timely basis, can be credited against VAT payable once Minera Juanicipio becomes a producing mine.

Income Tax Regime

The corporate tax rate is 30%.

Dividends

Dividends paid from accumulated previously taxed earnings by Mexican companies to foreign residents of Mexico are subject to withholding tax at the 10% rate. However, dividends in excess of previously taxed earnings are subject to the corporate tax rate on a grossed-up basis at the distributing company level. The effective rate after gross-up is 42.86%. For this purpose, Mexican businesses must maintain a previously taxed earnings account (*Cuenta de Utilidad Fiscal Neta*, or CUFIN).

Under existing Canadian-Mexico tax treaties, this dividend withholding tax rate is reduced to 5%.

Profit Sharing

Mexican companies are required to distribute to its employees 10% of the company's adjusted taxable income of the business (known as "PTU"). The PTU base is similar to taxable income for income tax purposes with certain exceptions, including no carry forwards of net operating losses. All employees have a right to receive the PTU, with the exception of managing directors and board members. The PTU was subject to review along with the "Amendments to the Federal Labour Law on Labour Subcontracting (or "Outsourcing")" (see below) and now is capped at either three months' salary or the average of the distribution of profits received in the past three years, whichever is more favourable to the employee.

Tax Losses

Net operating losses ("NOLs") may be carried forward for 10 years; however, no carryback is allowed. The amount of NOLs that may be used in a particular tax year is adjusted for inflation for the period from the first month of the second half of the tax year when the loss was incurred until the last month of the first half of the tax year when the NOL is used.

Mining fees

The Mexican legislation includes several mining fees as follows:

a) Mining royalty fee of 7.5% on income before tax, depreciation and interest;

b) an extraordinary governmental fee on precious metals, including gold and silver, of 0.5% of gross revenues;

c) Mining fee for each hectare of concession land that varies according to the year of the concession.

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.

Tax Law for the State of Zacatecas

The Government of the State of Zacatecas published the Tax Law for the State of Zacatecas (*Ley de Hacienda del Estado de Zacatecas*), which came into effect on January 1, 2017 and imposes environmental taxes on activities, such as: (i) extraction of materials other than those regulated by the Federal Mining Law; (ii) emissions to the atmosphere; (iii) discharges of industrial waste into the soil and water; and (iv) deposit of industrial waste.

Minera Juanicipio's operations are in the State of Zacatecas, and this tax law will apply to the Juanicipio development once it is in production. Minera Juanicipio challenged the legality of such taxes and in 2017 obtained an injunctive relief from a federal court, but the State of Zacatecas appealed this decision. In 2019, the Supreme Court of Justice of the Nation issued a final ruling on the matter with respect to Minera Juanicipio, in which the Court determined that:

1. Two of the taxes are unconstitutional: (a) tax on extractive activities; and (b) tax on the deposit of industrial waste.

2. The other two taxes were declared constitutional: (a) emissions to the atmosphere; and (b) discharge of industrial residues into the soil and water.

The annual cost to Minera Juanicipio of complying with the two taxes is not considered significant at this time and management's assessment is that it will not have an impact on the viability of the Juanicipio Project.

Amendments to the Federal Labour Law on Labour Subcontracting (or "Outsourcing")

On April 23, 2021, the President of Mexico published in the Official Newspaper of the Federation a decree approving an amendment to various legal statutes to, amongst other objectives, strictly regulate labour subcontracting (or "outsourcing"). In accordance with the decree, an integral amendment was carried out to various legal statutes on tax, labour and social security matters, including the Federal Labour Law and Social Security Law.

The decree regulates outsourcing as follows and was effective September 1, 2021: (i) to prohibit the use of subcontracting as it has historically been used in Mexico; (ii) to allow an exception for specialized services under regulated circumstances or shared services companies that provide back office services to a group of companies that are related parties; (iii) to require a permit in order to carry out activities as an outsourcing company or shared service company, only for specialized services; and (iv) to regulate the activities of employment agencies, provided that they will not be able to act as employers.

Other general tax amendments are referred to in the "*Mexican Foreign Investment and Income Tax Laws apply to the Company* " section in "*Risk Factors*" below.

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 its business, operations and future prospects.

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 and development of mining projects is a highly speculative venture necessarily involving substantial risk. The expenditures made by the Company on exploration and development described herein may not result in discoveries of commercial quantities of minerals. The failure to find an economic mineral deposit on any of the properties in which the Company has an interest 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. Although Fresnillo has made statements that "Mineral Reserves" exist at Juanicipio Project, they are not "Mineral Reserves" within the meaning of NI 43-101, and as such, no reliance should exist that they will in fact become "Mineral Reserves" within the meaning of NI 43-101.

The Mineral Resource estimates contained in the 2017 PEA are Indicated and Inferred Mineral 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 mineral deposit. In particular, Inferred Mineral Resources are Mineral Resources for which quantity and grade, or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. Therefore, Inferred Mineral Resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility, although it is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration. Further, the economic assessment contained in the 2017 PEA 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.

Based on detailed engineering, actual equipment purchases and construction contracts, pre-operative capex from January 1, 2018, is estimated at US$440 million, reflecting expenditures incurred on underground development, capital costs to develop the project, supporting infrastructure, and bringing forward some capital to facilitate the underground mining. Substantial additional work, including mine design and mining schedules, metallurgical flow sheets and process plant designs, would be required in order to determine the economic viability of the deposits on the Company's properties. Additional expenditures may 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 Mineral Reserves may be greater than the value of the Company's reserves on a mineral property and may 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.

Most exploration projects do not result in commercially mineable deposits.

Although the Juanicipio Project is under development and construction, and initial production has commenced, there is no certainty that the Juanicipio Project or any of the Company's other properties will have commercial quantities of minerals. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including but not limited to 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 additional 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. Most exploration projects do not result in the discovery of commercially mineable mineral deposits.

Estimates of Mineral Reserves and Mineral Resources, mineral deposits and production costs can be affected by such factors as environmental permit regulations and requirements, Indigenous communities' rights, 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 2017 PEA includes a Mineral Resource estimate prepared by AMC 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 Mineral 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 Mineral Reserves is extremely remote. If a property does not contain any Mineral Reserves, any funds spent on exploration and development 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 2017 PEA, 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 Mineral Resource estimates annually 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 grades 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 mineralization to waste ratio or extended declines in market prices for silver and to a lesser extent prices for gold, zinc, lead and copper, 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 mineral properties in which the Company has an interest are generally located in remote and relatively uninhabited areas. Some properties, like the 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. 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. In some areas, surface right compensation has been negotiated and is awaiting formal government expropriation in its favour. The Company's interest in a property or project could be adversely affected by an inability to obtain surface access permissions, or by challenges, regardless of merit, to existing surface access agreements.

There is no guarantee that licenses and permits required by the Company or Minera Juanicipio to conduct business will be obtained, which may result in an impairment or loss in the Company's mineral properties.

The Company's and Minera Juanicipio's current and anticipated future operations, including further exploration, development and production activities on the Company's properties, require permits from various national, state/provincial and local governmental authorities. The Company and Minera Juanicipio may not be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at their projects. In addition, the grant of required licenses and permits may be delayed for reasons outside the Company's and Minera Juanicipio's control. 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 and Minera Juanicipio do obtain, may adversely affect their respective business as the Company and Minera Juanicipio would be unable to legally conduct their intended exploration, development, production of a commercially viable material, processing facility construction or mining work, which may result in increased costs, delay in activities or the Company or Minera Juanicipio losing its interest in its mineral properties.

Commissioning of the Juanicipio Processing Plant may be adversely impacted by the timing of hook up to the national power grid

The commissioning of the Juanicipio processing plant requires the timely connection to the national electricity transmission grid of Mexico. Although Fresnillo, the operator, expects to obtain the authorization to connect to the power grid in the second quarter of 2022, there is no assurance that the connection will be timely. Delays in the power hook up could compromise many aspects of the project's commissioning and profitability, including, but not limited to the timeline to achieving commercial production and cash flow, and the impact on capital and operating costs.

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

The Company's primary 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. Risks and uncertainties include, but are not limited to, 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, licenses, permits and contracts; illegal mining; changes in taxation policies; prohibitions on restrictions for carrying out mining activities due to legal actions by Indigenous communities; 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 domestic and international political unrest, police and military enforcement action against drug cartels and a corresponding increase in violent crime in Mexico.

Criminal activities, or the perception that criminal activities are likely, may disrupt operations, hamper the ability to hire and keep qualified personnel and impair access to sources of capital. Risks associated with conducting business in the region include risks related to personnel safety and asset security. Risks may include, but are not limited to, kidnappings of employees and contractors, exposure of employees and contractors to local crime related activity and disturbances, exposure of employees and contractors to drug trade activity, and damage or theft including future gold shipments, if any. These risks could result in serious adverse consequences including personal injuries or death, property damage or theft, limiting or disrupting operations, restricting the movement of funds, impairing contractual rights and causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability. Such events could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition and make it more difficult for the Company to obtain required financing. Although the Company is developing procedures regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts will effectively mitigate risks and safeguard personnel and Company property.

Mexico is currently 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 the Company's business, including its interest in the Juanicipio Project.

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

The volatile global economic environment has created market uncertainty and volatility in recent years. Recent negative market trends and periods of instability in the market for metal commodities and related products as a result of global economic uncertainty, reduced confidence in financial markets and other macro-economic events that have been experienced in recent years, such as shifts in monetary policy in response to COVID-19, supply chain disruptions and/or heightened rates of inflation. 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 and economic 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, rates of 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 political conflict and unrest, world health pandemics, a significant rise or significant decrease in the price of oil and other commodities, supply chain disruptions, increases in inflation rates, 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. The Company's 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, and to a lesser extent other metals including gold, lead, zinc and copper. 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' market activities, 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, development and mining, such as natural gas, diesel, oil and electricity, fluctuate and are subject to potential inflationary pressures, 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. Should 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.

The Company's activities may be impacted by the spread of COVID-19 or other virus outbreaks.

The current COVID-19 pandemic and any future emergence and spread of similar pathogens, could have an adverse impact on global economic conditions (including monetary policy and inflation) which may adversely impact the Company's operations, and the operations of the Company's suppliers, contractors and service providers, and may negatively impact future fiscal periods in the event of prolonged disruptions associated with the pandemic. A sustained slowdown in global growth or demand, or a significant slowdown, could have an adverse effect on the price and/or demand for the Company's products. COVID-19 and efforts to contain it, including restrictions on travel and other advisories issued, may have a significant effect on metal prices and demand, and potentially broader impacts on the global economy.

Despite recent positive vaccine developments, the ongoing evolution of the development and distribution of effective vaccines also continues to raise uncertainty. These uncertainties arise from the inability to predict the duration and severity of the pandemic, the timing and extent of global COVID-19 vaccine distribution and the long-term effectiveness of the vaccines. While the duration of the COVID-19 pandemic is unknown, it is anticipated that the economic impact of the pandemic may cause reduced customer demand, supply chain disruptions and increased government regulations, all of which may negatively impact the Company's business and financial condition.

In response to the COVID-19 virus pandemic, in April 2020 the Mexican Government ordered a temporary suspension of all "non-essential" operations nationwide in Mexico, including mining operations, until May 30, 2020. All work resumed in the second quarter with a phased restart having commenced on June 1, 2020).

Although all activities resumed immediately thereafter, in early 2021, Fresnillo reported that commissioning of the Juanicipio processing plant was expected to commence in Q4 2021, a few months later than previously reported as some infrastructure contracts had been delayed due to COVID-19, and related to COVID-19 preventive measures implemented at site.

Late in fourth quarter of 2021, the CFE, the state-owned electrical company, notified Fresnillo that approval to complete the tie-in to the national power grid could not yet be granted and the mill commissioning timeline would therefore be extended by approximately six months. This delay is primarily related to staffing effects related to the pandemic on the CFE. See "*Commissioning of the Juanicipio Processing Plant may be adversely impacted by the timing of hook up to the national power grid*" above. Any future COVID-19 related suspensions imposed by the Mexican Government, or other COVID-19 related delays, could result in the failure to this amended timetable for beginning production and processing mineralized material at the Juanicipio processing plant.

As well, in the event of an outbreak of COVID-19 at the Juanicipio Project, Fresnillo could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. A complete suspension of underground development and production at the Juanicipio Project could result in further delays in the development of the project, result in additional increases in costs and have a material adverse effect on the financial position of the Company. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 pandemic.

In addition, any future emergence and spread of COVID-19 or similar pathogens, could have a material adverse impact on global economic conditions, which may adversely impact the market price of the Common Shares, the Company's operations, its ability to raise debt or equity financing for the purposes of mineral exploration and development, delay of certain infrastructure contracts, and the operations of the Company's suppliers, contractors and service providers.

Emerging climate change regulations could result in significant costs and climate change may result in physical risks to a mining company's operations.

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulations relating to Greenhouse gas emission levels (such as carbon taxes) and energy efficiency are becoming more stringent. If the current regulatory trend continues, and the increased transitional risks evolve as society and industry work to reduce its reliance on carbon, the operating costs could increase at its operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These physical risks include changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, increased snowpack and extreme weather events. Such events could materially disrupt the Company's operations if they affect the Project site, impact local infrastructure or threaten the health and safety of the Company's or Fresnillo's employees and contractors, and there can be no assurances that the Company or Fresnillo as operator of Juanicipio will be able to predict, respond to, measure, monitor or manage the physical risks posed as a result of climate change factors. Climate-related risks could also result in shifts in demand for certain commodities, including precious metals. The Company's own operations are exposed to climate-related risks as a result of geographical location. The Company has sought to reduce its environmental footprint and located its operations in appropriate facilities; however, the Company's operations may be adversely affected by climate change factors. Therefore, such an event could result in material economic harm to the Company.

The Company acknowledges international and community concerns around climate change. The Company supports initiatives consistent with international initiatives on climate change. While some of the costs associated with reducing Greenhouse gas emissions may be offset by increased energy efficiency and technological innovation, the increased government regulation may result in increased costs at some of its mining operations if the current regulatory trend continues.

The occurrence of any climate change violation or enforcement action may have an adverse impact on the Company's operations, the Company's reputation and could adversely affect the Company's results of operations. As well, environmental hazards caused by third parties may exist on a property in which the owners or operators of the mining projects are not aware at present, and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties.

Community relations may affect the Company's business, including its interest in the Juanicipio Project.

Maintaining a positive relationship with the communities in which the Company operates, including with respect to the Juanicipio Project, is critical to continuing successful exploration, development and mining operations. As Fresnillo is the operator of the Juanicipio Project, the community relations maintained with respect to that project lie outside the direct control of the Company. Community support for operations is a key component of a successful exploration, development and operation of the project. As a business in the mining industry, the Company may come under pressure in the jurisdictions in which it explores, develops and operates, to demonstrate that other stakeholders benefit and will continue to benefit from the Company's commercial activities. The Company may face opposition with respect to the Company's current and future development, exploration projects and mining operations which could materially adversely affect the Company's business, results of operations, financial condition and share price.

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 Mineral Reserves through drilling, to develop processes to extract the Mineral Resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, Mineral 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 may require additional capital in the future from either equity or debt offerings to meet its project-related expenditures, as it is possible that the Company will not generate sufficient operating cash flow to meet all of its future expenditure requirements. The COVID-19 pandemic may make raising such capital difficult.

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, prior to 2020, no revenues from operations. The revenues generated at Juanicipio in 2020 and 2021 from processing mineralized development material through the Fresnillo processing plants, net of processing and treatment charges, is being used by Minera Juanicipio to offset initial project capital cash requirements.

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, exploration and development costs and should not be taken to represent realizable value with certainty. The Company anticipates continued losses until the project enters into commercial production on a profitable basis. If the Company is unable to generate revenues with respect to its properties on a consistent basis, the Company will not be able to earn profits which would adversely affect its business and prospects.

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

The Company's future liquidity may depend upon the ability of the Company to obtain the necessary financing to complete the development of its interests and achieve 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 or dilution of the Company's interests in its properties.

Sufficient funding may not be available to the Company for further exploration, development and operation of its property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration, development and operation 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. In the case of the Juanicipio Project, all costs relating to the project 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 Shareholders' Agreement.

The Company has an option to earn-in to the Deer Trail Project, and also has options to acquire interests in other mineral property claims. In order to obtain ownership of such mineral claims, 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 mineral properties. Failure of the Company to make the requisite payments in the prescribed time periods may 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) fund its proportionate share of the Minera Juanicipio required capital contributions; (b) fund the required annual exploration expenditures and royalty payments under the Deer Trail Agreement; (c) make the minimum expenditures to maintain its properties in good standing under applicable laws; (d) make the corresponding payments of semi-annual governmental (mining) duties to maintain its properties in good standing under applicable law; and (e) make the minimum expenditures to earn its interest in such properties. In such event, in respect of any of the properties, the Company may dilute its interest in such property interest, seek to enter into a partnership or joint venture, sell the subject property or elect to terminate its option.

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

Risks Relating to the Development of the Juanicipio Project

Juanicipio Development Decision

On April 11, 2019, Fresnillo and MAG as shareholders of Minera Juanicipio, jointly announced formal approval of the Juanicipio mine development plan. On February 24, 2020, Fresnillo and MAG as shareholders of Minera Juanicipio, jointly announced that mineralized material would be mined from the underground mine starting in mid-2020 (commenced August 2020) and that mineralized material will be processed in the Minera Fresnillo plant until the Juanicipio processing plant is completed. The actual scope, design and operating results of the Juanicipio Project will differ from the scope, design and results envisaged in the 2017 PEA. While the results of the 2017 PEA are promising, by definition a Preliminary Economic Assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not demonstrate economic viability and there is no certainty that Mineral Resources will ever become Mineral Reserves. There can therefore be no certainty that the results in the 2017 PEA will be realized. In addition, the 2017 PEA was commissioned independently by MAG, and not by Minera Juanicipio. Fresnillo is the project operator and the actual development plan and timeline may be materially different. As a result, there are additional risks as to the extent of capital and operating costs, mineral recovery and financial viability of the project.

Uncertainties and risks relating to the start-up of the Juanicipio Project.

The Company is subject to inherent uncertainties and risks related to the construction, commissioning and start-up of the Juanicipio Project, the principal of which include: problems with the completion and start-up of the processing plant; delays associated with contractors; delays associated with COVID-19; delays associated with production timelines; budget overruns due to changes in costs of power, fuel, labour, materials and supplies; and potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent activities.

The Company has prepared estimates of capital costs and/or operating costs for the Juanicipio Project, but no assurance can be given that such estimates will be achieved. Failure to achieve cost estimates or material increases in costs could have an adverse impact in future cash flows, profitability, results of operations and financial condition. It is common in new mining operations to experience such unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at the Juanicipio Project.

The Company is subject to construction risks.

As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns versus budget. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project.

Construction costs and timelines can be impacted by a wide variety of factors, many of which are beyond the control of the Company. These include, but are not limited to, weather conditions, ground conditions, performance of the mining fleet, availability of appropriate material required for construction, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project. The timeline to obtain these government approvals is often beyond the control of the Company and may also be affected by COVID-19 travel and site visit restrictions. A delay in start-up or commercial production would increase capital costs and delay receipt of revenues.

Development projects, such as the Juanicipio Project are uncertain and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The development of the mine at the Juanicipio Project requires significant expenditures to complete the development phase and to achieve planned production targets. The economic feasibility of development projects is based on many factors, such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future silver prices, and anticipated capital and operating costs of such projects.

The Juanicipio Project has no estimated Mineral Reserves upon which to confirm economic feasibility and limited operating history upon which to base estimates of future production and cash operating costs. Estimate of resources and anticipated cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and other factors. As a result, it is possible that actual capital and operating costs and economic returns will significantly differ from those currently estimated for the Juanicipio Project prior to production.

Any of the following events, among others, could affect the profitability of the Juanicipio Project: unanticipated changes in grades and tonnes of development and mineralized stope material to be mined and processed; unanticipated adverse geologic conditions; unanticipated metallurgical recovery problems; incorrect data on which engineering assumptions are made; availability of labour; costs of processing and refining facilities; delays related to COVID-19; availability of economic sources of power; adequacy of water supply; adequate access to the site; unanticipated transportation costs; government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals); fluctuations in silver prices; and accidents, labour actions and force majeure events.

The Company's capital and operating costs, production schedules and economic returns are based on certain assumptions which may prove to be inaccurate.

The Company's expected capital and operating costs, production estimates, anticipated economic returns and other projections, estimates and forecasts for its mineral properties that are included in this AIF are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, rates of inflation, metallurgical recoveries, that the actual ore mined is amenable to mining or treatment, environmental considerations, labour volumes, permitting and other factors, any of which may prove to be inaccurate. The 2017 PEA includes estimates of future production, development plans, operating costs, capital costs and other economic and technical estimates for the Juanicipio Project. These estimates are based on a variety of factors and assumptions and there is no assurance that such production plans, costs or other estimates will be achieved. Actual production, costs and financial returns may vary significantly from the estimates depending on a variety of factors, many of which are not within the Company's control.

The Company's capital and operating costs are affected by the cost of commodities and goods, such as explosives, fuel, electrical power and supplies. Significant declines in market prices for gold, silver and other metals could have an adverse effect on the Company's economic projections. Management of the Company assumes that the materials and supplies required for operations, development and commercial production will be available for purchase and that the Company will have access to the required amount of sufficiently skilled labour. As the Company relies on certain third-party suppliers and contractors, these factors can be outside its control and an increase in the costs (due to inflation or otherwise) of, or a lack of availability (due to supply chain disruption or otherwise) of, commodities, goods and labour may have an adverse impact on the Company's financial condition. The Company may experience difficulty in obtaining the necessary permits for its exploration, development or operational activities, if such permits are obtained at all, and may face penalties as a result of violations of permits or other environmental laws, which may cause delays and increases to projected budgets. Any of these discrepancies from the Company's expected capital and operating costs, production schedules and economic returns could cause a material adverse effect on the Company's business, financial condition and results of operations.

The Company has in the past, and may in the future, provide estimates and projections of its future production, costs and financial results. In addition, Fresnillo, as operator of the Juanicipio Project, has in the past, and may in the future, provide estimates and projections of future production, costs and financial results expected from the Juanicipio Project. Any such information provided by the Company and/or Fresnillo, is forward looking. Neither the Company's auditors nor any other independent expert or outside party compiles or examines these forward-looking statements. Accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Such estimates are made by the Company's management and technical personnel and are qualified by, and subject to the assumptions, contained or referred to in the filing, release or presentation in which they are made, including assumptions about the availability, accessibility, sufficiency and quality of mineralized material, the Company's costs of production, general economic conditions (including rates of inflation), the market prices of silver, gold and other metals, the Company's ability to sustain and increase production levels, the ability to produce and sell marketable concentrates, the sufficiency of its infrastructure, the performance of its personnel and equipment, its ability to maintain and obtain mining interests and permits, the state of the government and community relations, and its compliance with existing and future laws and regulations. Actual results and experience may differ materially from these assumptions. Failure to achieve estimates or material increases to costs could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. Any such production, cost or financial results estimates speak only as of the date on which they are made, and the Company disclaims any intent or obligation to update such estimates, whether as a result of new information, future events or otherwise. Accordingly, these forward-looking statements should be considered in the context in which they are made, and undue reliance should not be placed on them.

The Company may encounter certain transportation and refining risks that could have a negative impact on its operations.

Mined materials and mineral concentrates containing combinations of metals that may be produced at the Juanicipio Project would be transported to refiners and smelters. This type of process involves certain environmental and financial risks. The Company could be subject to potential significant increases in transportation charges and treatment and refining charges. Transportation of such materials and mineral concentrates is also subject to numerous risks including, but not limited to, delays in delivery of shipments, roadblocks, theft and other criminal activities, civil unrest, weather conditions and environmental liabilities in the event of an accident or spill. The Company could be subject to limited smelter availability and capacity and could also face the risk of a potential interruption of business from a third-party beyond the Company's control, which in both cases could have a material adverse effect on the Company's business, operations, financial performance and financial condition. There is no assurance that smelting, refining or transportation contracts for the Juanicipio Project's production will be entered into and/or renewed on acceptable terms or that the counterparties to such contracts will meet their respective obligations thereunder. If the Company is unable to effectively process and refine its materials and mineral concentrates on acceptable terms or if the counterparties to any smelting, refining and transportation contracts fail to meet their respective obligations thereunder, the Company's business, operations, financial performance and financial condition could be materially adversely impacted.

The continued development of the Juanicipio Project may be adversely impacted by lack of access and availability of infrastructure, power and water, and other matters.

The continued development of the Juanicipio Project will require access to and an ability to maintain adequate and reliable infrastructure, including roads, power sources and water systems. If the required infrastructure is not readily available, it may have to be built, and there is no assurance that it can be built in a timely manner or at all. There is no assurance that Minera Juanicipio can access and maintain the infrastructure needed, or, where necessary, obtain rights of way, government authorizations and permits to construct, or upgrade the same at a reasonable cost, in a timely manner, or at all. Access to infrastructure may also be interrupted by natural causes, such as drought, floods, earthquakes and other weather phenomena, or man-made causes, such as blockades, sabotage, conflicts, government issues, political events, protests, rationing or competing uses, as well as global pandemics.

Inadequate, inconsistent or costly infrastructure could compromise many aspects of the project's feasibility, viability and profitability, including, but not limited to the construction schedule, capital and operating costs. In addition, the COVID-19 pandemic could result in development being delayed further.

Groundwater levels could affect the Juanicipio Project development.

As identified in the 2017 PEA, substantial groundwater may be encountered at the Juanicipio Project, and a detailed hydrogeological study has not been carried out for the planned mine currently being developed. Further understanding of the likely quantity of groundwater is required and will be gained from a hydrogeological study, which is a recommendation contained within the 2017 PEA. Until such hydrogeological study is completed, the impact of underground water on the Juanicipio Project development is unknown and may affect the project's feasibility and profitability.

The continued development of the Juanicipio Project may be adversely impacted by a lack of access to a skilled workforce.

The continued development of the Juanicipio Project will depend on availability of a skilled workforce, including, but not limited to, mining and mineral, metallurgical and geological engineers, geologists, environmental and safety specialists, and mining operators to explore and develop the project. Inadequate access to an available skilled workforce (including as a result of COVID-19 outbreaks or restrictions), could compromise many aspects of the project's feasibility, viability and profitability, including, but not limited to, the construction and production schedules, capital and operating costs.

Labour Risks

The Juanicipio Project is and will be dependent on its workforce, and that of its specialized contractors, to extract and process minerals, and is therefore sensitive to its ability to source skilled labour in country, to a labour disruption of the project's mining activities or to changes to laws. Fresnillo, as operator of the Juanicipio Project, endeavours to maintain good relations with its workforce and specialized contractors in order to minimize the possibility of strikes, lockouts and other stoppages at its work sites. Relations between the Juanicipio Project and its employees and contractors may be impacted by changes in labour relations that may be introduced by, among other things, employee groups, unions and the relevant governmental authorities in Mexico. As Juanicipio's operations depend upon the efforts of its employees and contractors, the operations would be adversely affected if it failed to maintain satisfactory labour relations. As the Juanicipio Project advances into production and its own processing facility, its labour force is not expected to be unionized, and the introduction of a labour union could result in a disruption to production and/or higher costs and reduced flexibility, as well as strikes or work stoppages. In addition, relations between the Company and its employees and contractors may be affected by changes in labour and employment laws. Changes in such legislation or in the relationship between the Juanicipio Project and its employees and contractors may have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

Amendments to the Federal Labour Law on Labour Subcontracting (or "Outsourcing")

Labour reform legislation on subcontracting and outsourcing in Mexico was published on April, 23, 2021 (the 'Reform'). The Reform, amends several Mexican laws, including the Federal Labour Law, and seeks to, amongst other things, regulate outsourcing as follows: (i) to prohibit the use of subcontracting as it has historically been used in Mexico; and (ii) to allow an exception for specialized services under regulated circumstances. This Reform legislation came into effect on September 1, 2021.

The Reform changes are not expected to have a significant impact on the viability of the Juanicipio Project, and Fresnillo, as operator, does not expect the Reform to impact the timeline to commissioning of the Juanicipio plant. However, with various restrictions on hiring contractors, Fresnillo, as operator, has indicated a need to internalize a portion of its workforce and perform much of the development work directly rather than outsourcing it to contractors, and hence invest in equipment not previously planned to be utilized in underground operations. The costs of any required additional equipment is not included in the initial project capital of $440,000 and may affect the Company's total funding requirement to get the Juanicipio Project to commercial production.

The Juanicipio Project mine plan and mine design, the financial results, and the contemplated development timeline to production may not be consistent with the 2017 PEA.

The 2017 PEA was commissioned independently by MAG, and not by the Minera Juanicipio. The mine plan and mine design envisioned in the 2017 PEA are based on both an Inferred Mineral Resources and Indicated Mineral Resources and reflects a processing capacity of 4,000 tpd, expanded underground workings and the sinking of an internal shaft (or winze) to access the Deep Zone (as defined in the 2017 PEA). The underground development to date, has, to the extent applicable, incorporated the mine plan and design envisioned in the 2017 PEA. Although the Company believes the 2017 PEA reflects the mine plan and design that Fresnillo as operator is building and will operate, Fresnillo may adopt alternate mine plans and other changes, and the scope of operations, if any, may differ materially from that presented in the 2017 PEA.

Although Fresnillo has indicated to the Company that the permits for mine plan and design were received in 2018, there is no assurance that future required permits will be issued on a timely basis or at all (See "*There is no guarantee that licenses and permits required by the Company or Minera Juanicipio to conduct business will be obtained, which may result in an impairment or loss in the Company's mineral properties*" in "*Risk Factors*" above).

As well, the preliminary economic assessment set out in the 2017 PEA 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 2017 PEA will be realized. There is no guarantee that development and construction will be completed in accordance with the 2017 PEA, and if completed, that operating or financial results will be consistent with the 2017 PEA.

In response to the COVID-19 virus pandemic, in April 2020 the Mexican Government ordered a temporary suspension of all "non-essential" operations nationwide in Mexico, including mining operations, until May 30, 2020. Fresnillo, the Juanicipio Project operator, was in regular consultation with Mexican Government officials to ensure Minera Juanicipio's compliance with the order. Fresnillo advised the Company that while the order was in effect, underground development continued under government mandated hygiene protocols, while surface construction work and surface-based drilling were temporarily halted. All work resumed late in the second quarter with a phased restart having commenced on June 1, 2020.

In further response to the COVID-19, Fresnillo as operator, continues to closely monitor the spread of the virus and implement a range of safety measures following guidelines in accordance with the World Health Organization and Mexican authorities. These include stringent monitoring and hygiene, temperature screening, and social distancing. Testing and contact tracing have been used to identify potential cases and prevent the spread of the virus. Fresnillo maintains an open dialogue with government officials at both the federal and local levels.

The impact of this pandemic could create or include significant COVID-19 specific costs, volatility in the prices for silver and other metals, further restrictions or temporary closures, additional travel restraints, supply chain disruptions and workforce interruptions, including loss of life. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's financial performance, cash flows and financial position, and could result in material changes to the costs and time for the completion of development at the Juanicipio Project. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 pandemic.

The Juanicipio Project capital requirements and timeline to production contemplated in the 2017 PEA are subject to volatility and uncertainty.

The continued development and operation of the Juanicipio Project will use significant amounts of commodities, consumables and other materials. Prices for steel, concrete, fuel and other materials, commodities and consumables required for mine development can be volatile and price changes can be substantial, occur over short periods of time and be affected by factors beyond control of the project operator. Higher costs for construction materials like steel and concrete, the impact of the Mexican peso exchange rate on various development inputs, or tighter supplies can affect the costs and timing of the project development.

The continued development of the Juanicipio Project will also utilize significant amounts of large and small equipment that may be critical to the development, construction and operation of the project. Repeated and/or unexpected equipment failures and/or unavailability of equipment could cause interruptions or delays in the development and construction and could have a material adverse effect on the project costs and timeline. The foregoing may be exacerbated due to the impact of the COVID-19 pandemic, as access to equipment and essential inputs could be more difficult to obtain.

On February 24, 2020, Fresnillo and MAG as shareholders of Minera Juanicipio, jointly announced that the estimates from January 1, 2018 of initial project capital had been revised to $440 million for the Juanicipio Project inclusive of capitalized operating costs (MAG's 44% share being $193.6 million), to be incurred prior to the envisaged commencement of commercial operations. As neither Minera Juanicipio nor the Company has completed a pre-feasibility study or feasibility study on the Juanicipio Project, these estimates and estimates within the 2017 PEA are subject to uncertainty. The 2017 PEA is preliminary in nature and there is no certainty that the estimates described in it will be realized. Any changes in the mine plan, mine design and/or scope of operations from those envisioned in the 2017 PEA, may have a significant adverse impact on capital costs or timing to start-up, than is currently expected.

Although Fresnillo has indicated that the current estimate for the Juanicipio plant to commence commissioning is Q2 2022, and reach 85-90% of nameplate capacity by year-end, there are no assurances that production will be achieved by that date and at those levels, or that it will be consistent with the 2017 PEA.

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, including its indirect interest in the Juanicipio Project, 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, including, without limitation, Indigenous communities, 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, including its indirect interest in the Juanicipio Project, 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, including any indirect interest acquired through Minera Juanicipio, have either been registered or been submitted for registration with the Mexican Public Registry of Mining or the applicable US authority, 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, development, construction and operation of properties or the possible loss of such properties.

Risks Related to Minority Interest Investment in the Juanicipio Project

The Company is a minority shareholder and non-operator of Minera Juanicipio and therefore is dependent on, and subject to, the decisions of the majority shareholder and operator of the project.

Although the Company has representation on both the Minera Juanicipio Board and technical committee, the terms of the Shareholders' Agreement governing the operation of Minera Juanicipio, as well as its corporate by-laws, provide effective control to Fresnillo over many of the activities and operating decisions 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 and non-operator of Minera Juanicipio and is dependent on Fresnillo to manage and operate the affairs of Minera Juanicipio and to do so in compliance with the Shareholders' Agreement (which, among other things, requires Fresnillo to manage and operate Minera Juanicipio in accordance with best industry practices), the by-laws of Minera Juanicipio and applicable Mexican law. If Fresnillo manages the affairs of Minera Juanicipio in a manner that results in violation(s) of the Shareholders' Agreement, by-laws and applicable laws, such violation(s) may have an adverse impact on the Company. Any disputes under the Shareholders' Agreement are subject to arbitration in Mexico under Mexican Law.

Fresnillo, as operator of the Juanicipio Project, has the ability to undertake certain actions, legal or otherwise, which may result in the shareholders of Minera Juanicipio having to fund cash calls. 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.

As operator, Fresnillo has control of the timing of cash calls, relationships with contractors and employment matters together with other operational matters. The Company's lack of control over such matters could have an adverse impact on the Company.

The Company holds its Juanicipio Project through a minority shareholding in a separate corporate entity, Minera Juanicipio, and therefore may be adversely impacted by disputes amongst the shareholders.

The Company's 44% interest in the Juanicipio Project is subject to the risks normally associated with the conduct of incorporated businesses with multiple shareholders. 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 as a shareholder: disagreement between shareholders on how to conduct business efficiently; inability of the shareholders to meet their obligations to the business operations or third parties; or litigation arising between shareholders.

Minera Juanicipio is organized through a corporation that is formed under and governed by the laws of Mexico. The laws in Mexico do not provide all of the same protections that are 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. In May 2011, the Company announced that it had received a favourable ruling, dated April 28, 2011, of a three-member arbitral panel of the International Court of Arbitration of the International Chamber of Commerce with respect to the arbitration proceedings against Fresnillo. In its ruling, the arbitral tribunal awarded MAG U.S.$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 be 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 with respect to Fresnillo, Blackrock Investment Management ("**Blackrock**") and Sprott Inc. ("**Sprott**"), and their respective affiliates, as at the date of this AIF, the Company believes that each holds approximately 9.97%, 6.01% and 5.09%, respectively, of the Company's Common Shares. Accordingly, Fresnillo, Blackrock and Sprott, either in unison and/or individually, may have some influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders of the Company for approval, including business combinations and any proposed sale of all or substantially all of the Company's assets. Unless full participation of a number of shareholders takes place in such shareholder meetings, Fresnillo, Blackrock and/or Sprott 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, Blackrock and Sprott 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 is the operator of the Juanicipio Project, and has substantial property holdings surrounding the Juanicipio Project, may give rise to potential conflicts of interest, as Fresnillo's interests may differ from, or be averse 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.

Other Business Risks

The Company or Minera Juanicipio 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, each of the Company and Minera Juanicipio 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 its Juanicipio Project interest through a minority shareholding in a separate corporate entity, Minera Juanicipio, and therefore may be adversely impacted by disputes amongst the shareholders.*"

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 and Minera Juanicipio'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, the possibility of affected parties pursuing class action lawsuits and a higher level of responsibility for companies and their officers, directors and employees. The Company's operations and the operations of Minera Juanicipio at the Juanicipio Project 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 storage facilities, 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 and the operations of Minera Juanicipio. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and Minera Juanicipio and may cause material changes or delays in the Company's and Minera Juanicipio's intended activities. The environmental impact assessments may impose the condition to the Company or Minera Juanicipio 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, development and production 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, development and operation 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 experience difficulties managing and integrating acquisitions.

The Company continually seeks opportunities to acquire or invest in businesses, such as, for example, the Gatling Acquisition, that could expand, complement or otherwise relate to MAG's current or future business. The Company may also consider, from time to time, opportunities to engage in joint ventures or other business collaborations with third parties to address particular market segments. These activities create risks, such as: (i) the need to integrate and manage the businesses acquired with MAG's own business; (ii) additional demands on the Company's resources, systems, procedures and controls; (iii) disruption of the Company's ongoing business; and (iv) diversion of management's attention from other business concerns. Moreover, these transactions could involve: (i) substantial investment of funds or financings by issuance of debt or equity securities, (ii) substantial investment with respect to operational integration; and (iii) the acquisition or disposition of product lines or businesses. Also, such activities could result in one-time charges and expenses and have the potential to either dilute the interests of existing shareholders or result in the issuance of, or assumption of debt. Such acquisitions, investments, joint ventures or other business collaborations may involve significant commitments of financial and other resources of MAG. Any such activity may not be successful in generating revenue, income or other returns to MAG, and the resources committed to such activities will not be available to the Company for other purposes. Any inability to address risks associated with acquisitions or investments in businesses may negatively affect MAG's operating results. Additionally, any impairment of goodwill or other intangible assets acquired in an acquisition or in an investment, or charges to earnings associated with any acquisition or investment activity, may materially reduce the Company's earnings, which, in turn, may have an adverse material effect on the price of Common Shares.

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

The majority of the Company's interests in mineral properties are located in remote and relatively uninhabited areas. Such mineral properties, including the Company's interest in the Juanicipio Project, 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, and in the case of the Juanicipio Project, on terms acceptable to the operator (Fresnillo), or the delay in availability of these items could prevent or delay exploitation or development of the Company's mineral property interests. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's 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 Minera Juanicipio 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, 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 in particular could have a 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 a portion of the day-to-day supervision of the Company's operations in Mexico. The Company also relies on Dr. Peter Megaw, a principal of Cascabel and IMDEX, for some of 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 of the Company's projects, including the Juanicipio Project. 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 either the Company or Minera Juanicipio, through its operator Fresnillo, 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 and Minera Juanicipio's success. As Fresnillo is the operator of the Juanicipio Project, the ability to recruit and retain qualified personnel with respect to that project lies outside the direct control of the Company. The number of persons skilled in acquisition, exploration, development and operation of mining properties is limited and competition for such persons is intense. As business activity grows, additional key financial, administrative and mining personnel, as well as additional operations staff may be required, particularly in Mexico. The Company or Minera Juanicipio may not be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Company or Minera Juanicipio 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 the Company's 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 (including the Juanicipio Project) at reasonable rates. If qualified personnel cannot be obtained in Mexico, the Company or Minera Juanicipio 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.

In addition, the COVID-19 pandemic or the personal security risk in the Juanicipio Project area may cause reduced availability to skilled workers for 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 contain 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 and Minera Juanicipio's financial position and results. Exploration and development programs conducted by the Company and Minera Juanicipio in Mexico, along with the construction costs of the Minera Juanicipio mine, are partially funded in Mexican pesos and any appreciation in Mexican currency against the U.S. dollar will increase the costs of carrying out these operations in Mexico.

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

The fluctuations of the Mexican peso also expose the Company to a deferred tax expense in relation to temporary differences between the book and tax base of its Mexican non-monetary assets, and specifically the tax base of the Company's investment in Minera Juanicipio. The tax base of this investment is determined in a different currency (Mexican peso) than the book value which is based on the functional currency (U.S. dollar). Changes in the Mexican peso/U.S. dollar exchange rate can give rise to temporary differences that result in deferred tax liability and deferred tax expense in accordance with IAS 12 Income Taxes.

In Canada, administrative overheads are primarily denominated in Canadian dollars, and an appreciation in the Canadian dollar relative to the U.S. dollar will increase the Company's overhead costs as reported in U.S. dollars.

Steps taken by management to address the consequences of foreign currency fluctuations may not eliminate or reduce any adverse effects, and the Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates. 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.

Cyber security risks may impact the Company's business.

The Company's information systems, and those of its counterparties, third-party service providers and vendors, are vulnerable to an increasing threat of cyber security risks. Unauthorized parties may attempt to gain access to these systems or the Company's information through fraud, deceit or other means.

The Company's operations depend, in part, on how well the Company and its suppliers, as well as counterparties, protect networks, equipment, information technology ("**IT**") systems and software against damage from a number of threats. The Company has entered into agreements with third parties for hardware, software, telecommunications and other services in connection with its operations. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. A cyber-attack or failure of information systems could, depending on the nature and degree of any such failure, adversely impact the Company's reputation and results of operations. Cyber-attacks to the Company's head office could result in damage or loss of data and operational capability. Cyber-attacks to the Juanicipio Project can render systems down for a longer period of time or destruction of data which could impact development and ultimate operations.

Although to date the Company has not experienced any known losses relating to cyber-attacks or other data/information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. Cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for the Company, but there is no assurance that actions taken by the Company will be sufficient to eliminate the risks.

Any future significant compromise or breach of the Company's data/information security, whether external or internal, or misuse of data or information, could result in additional significant costs, fines, lawsuits and damage to the Company's reputation. In addition, as the regulatory environment related to data/information security, data collection and use, and privacy evolves, with new and constantly changing requirements applicable to the Company's business, compliance with those requirements could also result in additional costs. The Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. Any of these factors could have a material adverse effect on the Company's results of operations, cash flows and financial position.

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, theft of assets, Indigenous communities complaints, 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 in the Company's mineral properties, including the Juanicipio Project, any of which could result in personal injury or death, damage to property, environmental damage and possible legal liability for any or all damage. There was a fatality at the Juanicipio Project in 2014. Safety measures have been implemented by the Company and Fresnillo; however, there are no assurances that these measures will 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, including the operations in the Juanicipio Project. 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 and Minera Juanicipio 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 or Minera Juanicipio 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. The Company does not carry political risk insurance. Similarly, if the Company or Minera Juanicipio is subject to governmental investigations or proceedings, it may incur significant penalties and fines, and enforcement actions against it could result in the closing of the Company's mining operations. If claims and lawsuits or governmental investigations or proceedings are finally resolved against the Company or Minera Juanicipio, as applicable, the Company's financial performance, financial position and results of operations could be materially adversely affected.

Natural Disasters

The Company is subject to risks typical in the mining business. These include, but are not limited to, operational issues such as unexpected geological conditions and natural disasters, such as earthquakes, that cause unanticipated increases in the costs of extraction or leading to cave-in and rock bursts, particularly as mining moves into deeper levels. Major cave-ins, flooding, storms or other natural disasters could also occur under extreme conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. As a result, the Company may incur significant liabilities and costs that could have a material adverse effect upon its business, results of operations and financial performance.

Infrastructure, including electricity supplies, that may be currently available and used by the Company may, as result of natural disaster, be destroyed or made unavailable or available in a reduced capacity. Were this to occur, operations at the Company's properties may become more costly or have to be curtailed or even terminated, potentially having serious adverse consequences to the Company's financial condition and viability that could, in turn, have a material adverse effect on the Company's business, results of operations or financial performance.

The Company has insurance in amounts that it considers to be adequate to protect itself against certain risks of mining and processing caused by natural disasters. However, the Company may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons. In particular, the Company is not insured for environmental liability or earthquake damage. See "*Tailings/Permit Risks*" below.

Tailing/Permit Risks

The extraction process for silver and other metals will produce tailings, which is the sand-like material mixed with water that remain following the metal extraction process. Tailings are stored in engineered facilities ("tailings storage facilities" or "TSF"), which are designed, constructed, operated and closed in conformance with international design standards and best practices. A delay in obtaining permits relating to the TSF, a failure of the TSF walls or poor tailings management safety protocols, once operational, may adversely impact the Company's business, operations and financial performance.

Natural disasters can pose a threat to the stability of the tailings dam walls and pose a risk beyond the Company's control. The failure of a tailings dam wall can result in suspension of operations, injuries, death in extreme cases, government inspections, increased cost and public relation concerns. Should a breach of these facilities occur due to extreme weather, seismic event, or other incident, the Company could suffer a material financial impact on the Company's operations and financial condition. See "*Natural Disasters*" above.

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

Metal prices, including silver, gold, zinc, lead and copper prices, have fluctuated widely in recent years. The marketability and price of any metals that may be acquired or produced 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 Mineral 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. Additionally, the COVID-19 pandemic and efforts to contain it, including restrictions on travel and other advisories issued may have a significant effect on metal prices and demand.

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

The Company may be subject to reputational risk.

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Company's handling of environmental matters or the Company's dealings with community groups), whether true or not.

The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

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 the employees of Minera Juanicipio or other agents will not engage in such prohibited practices, for which the Company or Minera Juanicipio 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 the Code of Conduct and the Anti-Bribery and Anti-Corruption Policy to promote legal and ethical business conduct by its directors, officers and employees. The Company cannot, however, provide assurance that the Code of Conduct or the Anti-Bribery and Anti-Corruption Policy, 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 of the Juanicipio operator, Fresnillo, for which the Company might be held responsible.

The environment in which the Company operates may not adhere to international standards with respect to security and human rights.

The Company's operations, development projects and exploration activities extend to jurisdictions which may be considered to have an increased degree of security risk and criminal activity. The impacts of these risks could impede the exploration, development and operation of the Company's mines in these countries. See also the risk factor "*The properties in which the Company has an interest are located primarily in Mexico*" above.

In addition, civil disturbances and criminal activities, such as trespass, illegal mining, sabotage, theft and vandalism, have caused disruptions at certain of the Company's operations. The Company has taken certain measures to protect its employees, property and production facilities from these risks. The measures that have been implemented by the Company cannot guarantee that such incidents will not continue to occur and such incidents may halt or delay production, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

The manner in which the Company's personnel respond to civil disturbances and criminal activities can give rise to additional risks where those responses are not conducted in a manner that is consistent with international standards relating to the use of force and respect for human rights. The Company has implemented a number of measures and safeguards which are designed to assist its personnel in understanding and upholding these standards. The implementation of these measures will not guarantee that the Company's personnel will uphold these standards in every instance. The failure to conduct security operations in accordance with these standards can result in harm to employees or community members, increased community tensions, reputational harm to the Company or result in litigation, criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

It is not possible to determine with certainty the future costs that the Company may incur in dealing with the issues described above at its operations. However, if the number of incidents increases, costs associated with security, in the case of civil disturbances and illegal mining, may also increase, affecting profitability.

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 the Company's operations). Many of these materials impose obligations on government and companies to respect human rights. Some mandate that government consult with communities surrounding the Company's 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, new development or production at 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 or Minera Juanicipio's operations may require modification of, or preclude the operation or development of, its projects or may require the Company or Minera Juanicipio 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. There is a withholding tax on dividends paid by a Mexican company to Mexican individuals and non-Mexican shareholders of 10% applicable to earnings generated as of 2014; "previously tax net earnings" generated until 2013 are not subject to this withholding tax. 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 "Mining Fees" within the "Carrying on Business within Mexico" section.

On December 31, 2016, the State Government of Zacatecas, Mexico published a new tax law for the state (Ley de Hacienda del Estado de Zacatecas), which came into effect on January 1, 2017 and imposes environmental taxes on activities, such as (i) extraction of materials other than those regulated by the Federal Mining Law; (ii) emissions to the atmosphere; (iii) discharges of industrial waste into the soil and water, and (iv) deposit of industrial waste. After various legal challenges, two of the taxes were declared constitutional and two taxes unconstitutional for Minera Juanicipio. The annual cost to Minera Juanicipio of complying with the two taxes deemed constitutional is not considered significant at this time and management's assessment is that it will not have an impact on the viability of the Juanicipio Project. However, this is an example of a type of tax that can occur in the future.

The Mexican VAT is a refundable 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 currently 16% but is subject to periodic review and change by the relevant Mexican tax authorities. The Company and Minera Juanicipio have traditionally held a VAT receivable balance due to the expenditures they incur whereby VAT is paid to a vendor or service provider. Collections of these receivables from the Government of Mexico often take months and sometimes years to recover. The Company to date has been able to recover the majority of its VAT paid, and in the case of Minera Juanicipio, any VAT not recovered on a timely basis will be applied against VAT payable on sales from production. The recoveries of future VAT paid, and possible extended delays in recoveries common in Mexico, could adversely affect exploration, development, construction and operating costs.

Legislative changes in the VAT effective January 1, 2017 may prevent mining companies during the exploration stage from requesting VAT refunds, unless they are certain they will eventually operate and generate revenue. Future legislative changes in Mexico are not predictable and may have a negative effect on the Company and its operations.

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

The Company's activities, including but not limited to the operations at the Juanicipio Project, 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, Indigenous communities' rights and other matters. Specifically, the Company's Mexican mining concessions are subject to regulation by the Mexican Department of Economy - Dirección General of Mines, the environmental protection agency of Mexico ("SEMARNAT"), Comisión Nacional del Aqua, 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.

In response to the COVID-19 pandemic, in April 2020 the Mexican Government ordered a temporary suspension of all "non-essential" operations nationwide in Mexico, including mining operations, until May 30, 2020. Fresnillo, the Juanicipio Project operator, was in regular consultation with Mexican Government officials to ensure Minera Juanicipio's compliance with the order. Fresnillo advised the Company that while the order was in effect, underground development continued under government mandated hygiene protocols, while surface construction work and surface-based drilling were temporarily halted. All work resumed late in the second quarter with a phased restart having commenced on June 1, 2020.

In further response to the COVID-19, Fresnillo as operator, continues to closely monitor the spread of the virus and implement a range of safety measures following guidelines in accordance with the World Health Organization and Mexican authorities. These include stringent monitoring and hygiene, temperature screening, and social distancing. Testing and contact tracing have been used to identify potential cases and prevent the spread of the virus. Fresnillo maintains an open dialogue with government officials at both the federal and local levels.

The impact of this pandemic could create or include significant COVID-19 specific costs, volatility in the prices for silver and other metals, further restrictions or temporary closures, additional travel restraints, supply chain disruptions and workforce interruptions, including loss of life. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's financial performance, cash flows and financial position, and could result in material changes to the costs and time for the completion of development at Juanicipio. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 pandemic.

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 Mineral Resources in accordance with Canadian practices. These practices are different from the practices used to report Mineral 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 Mineral Resources. In the United States, mineralization may not be classified as a Mineral Reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the Mineral Reserve determination is made. U.S. investors are cautioned not to assume that all or any part of Indicated Mineral Resources will ever be converted into Mineral Reserves.

Further, "Inferred Mineral Resources" are Mineral Resources for which quantity and grade, or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. Inferred Mineral Resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically, although it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. Disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC permits issuers to report mineralization that does not constitute "Mineral 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 for United States Investors*".

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

Management has documented and tested its internal control procedures in order to satisfy the requirements of Section 404 of the *Sarbanes-Oxley Act*. The *Sarbanes-Oxley Act* requires an annual assessment by management of the effectiveness of the Company's internal control 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 the *Sarbanes-Oxley Act*.

The Company's failure to satisfy the requirements of Section 404 of the *Sarbanes-Oxley Act* 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 the *Sarbanes-Oxley Act*.

Any enforcement proceedings under Canada's Extractive Sector Transparency Measures Act against the Company could adversely affect the Company.

The Extractive Sector Transparency Measures Act (Canada) (" **ESTMA**") requires public disclosure of certain payments to governments by companies engaged in the commercial development of minerals which are publicly listed in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments, including aboriginal groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure reporting or structuring payments to avoid reporting. If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties or sanctions which may also have a material adverse effect on the Company's reputation.

Risks Relating to the Company's Securities

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, production, operation, 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 and share units may also result in dilution to security holders.

The Board 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, dilute investors' voting power 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, development or operating 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 TSX or the NYSE American or achieve listing on any other public listing exchange.

The Company could in the future be classified as a 'passive foreign investment company' ("PFIC"), which could have adverse U.S. federal income tax consequences for U.S. holders of Common Shares.

U.S. investors should be aware that they could be subject to certain adverse U.S. federal income tax consequences in the event that the Company is classified as a PFIC for U.S. federal income tax purposes. The determination of whether the Company is a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and the determination will depend on the composition of the Company's income, expenses and assets from time to time and the nature of the activities performed by the Company's officers and employees. The Company believes that MAG was a PFIC for the 2019 and prior financial years. With the start of the underground production at Juanicipio and the Company's attributable revenue under the PFIC determination rules, the Company no longer believes it is a PFIC as of the 2020 fiscal year. Prospective investors should consult their own tax advisers regarding the likelihood and consequences of the Company being treated as a PFIC for U.S. federal income tax purposes, including the advisability of making certain elections that may mitigate certain possible adverse U.S. federal income tax consequences but may result in an inclusion in gross income without receipt of such income.

The Company, its principals and the majority of its 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.

The majority 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.

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.

The Company has common share equivalents issued consisting of Common Shares issuable upon the exercise of outstanding exercisable stock options or issuable upon the conversion of restricted share units ("**RSUs**"), performance share units ("**PSUs**") and 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 and PSUs 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, PSUs 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 immediate future.

There is currently no market through which the Company's securities, other than the Company's Common Shares, may be sold.

There is currently no market through which the Company's securities, other than the Company's Common Shares, may be sold and, unless otherwise specified in the applicable offering document, the Company's Preferred Shares, debt securities, subscription receipts, units and warrants (if and when issued) will not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell Preferred Shares, debt securities, subscription receipts, units or warrants. This may affect the pricing of the Company's securities, other than the Company's Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Company's securities, other than the Company's Common Shares, will develop or, if developed, that any such market, including for the Company's Common Shares, will be sustained.

MINERAL PROJECTS

The Company's material property at the date of this AIF is its 44% (Fresnillo holds the remaining 56%) holding in Minera Juanicipio, which holds the Juanicipio Project.

Mexican mining concessions are issued by the Federal Government of Mexico. All concessions held by Minera Juanicipio 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 "Ejidos" 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 Project, Minera Juanicipio has acquired some surface rights overlying the Valdecañas and Juanicipio Veins.

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 property, the available supply or the ability to establish supply, of water, power and infrastructure is considered to be adequate or manageable.

Juanicipio Project

The Juanicipio Project is located in the Fresnillo District, Zacatecas State, Mexico, approximately 6 kilometres west of the mining town of Fresnillo, and covers approximately 7,679 hectares. The Company initially acquired a 100% interest in the Juanicipio Project in 2003. From 2005 to 2007, Peñoles earned a 56% interest in the Juanicipio Project by conducting U.S.$5,000,000 of exploration on the property and purchasing U.S.$1,000,000 worth of Common Shares of the Company at market price at the time of purchase. In December 2007, Lagartos and Peñoles established Minera Juanicipio to hold and operate all mineral and surface rights related to the Juanicipio Project. In 2008, Peñoles transferred its 56% interest of Minera Juanicipio to Fresnillo pursuant to a statutory merger. Fresnillo is the operator of Minera Juanicipio, which is governed by the Shareholders' Agreement and its corporate by-laws. Pursuant to the Shareholders' Agreement and Minera Juanicipio's corporate by-laws, each shareholder is to provide funding pro rata to its interest in Minera Juanicipio, with Fresnillo contributing 56% and the Company, through Lagartos, contributing 44%, respectively, and if either party does not fund pro rata, their ownership interest will be diluted in accordance with the Shareholders' Agreement.

The major asset associated with the Juanicipio Project is a high-grade silver-gold-lead-zinc epithermal vein deposit. An NI 43-101-compliant technical report commissioned by the Company, the 2017 PEA, was filed on SEDAR on January 19, 2018**.** Fresnillo prepares its own internal Mineral Resource estimate annually. Fresnillo's estimates are not prepared in compliance with NI 43-101, were not used in the 2017 PEA and are not relied upon by the Company.

Summary

The following summary of the Juanicipio Project is extracted from the 2017 PEA . 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 2017 PEA. The 2017 PEA is incorporated by reference into this AIF. Defined terms and abbreviations used herein and not otherwise defined shall have the meanings ascribed to such terms in the 2017 PEA. The monetary values shown in the 2017 PEA are in U.S. dollars ($) and are reported on a 100% basis, unless otherwise denoted.

Introduction

The 2017 PEA provides an update of the Mineral Resource estimate and Preliminary Economic Assessment of the Mineral Resources identified within the Minera Juanicipio property in Zacatecas State, Mexico. The 2017 PEA has been prepared by AMC Mining Consultants (Canada) Ltd. of Vancouver, Canada on behalf of MAG.

MAG owns 44% of Minera Juanicipio, a Mexican incorporated joint venture company, which owns (100%) of the Juanicipio property. Fresnillo holds the remaining 56% interest in the joint venture and is the project operator. The 2017 PEA has been prepared in accordance with the requirements of NI 43-101 of the Canadian Securities Administrators for lodgement on SEDAR.

The economic analysis in the 2017 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 results of the 2017 PEA will be realized. The monetary values shown in the 2017 PEA are in U.S. dollars ($).

Location

The Juanicipio deposit consists of two main vein systems that lie in the north-eastern part of the Juanicipio property, which is situated about 6 km to the south-west of Fresnillo, a town located about 60 km north-west of the state capital, Zacatecas City. Zacatecas City has a population of approximately 140,000 and is located about 550 km northwest of Mexico City. Zacatecas City is serviced by daily flights from Mexico City. Surface rights to the part of the Juanicipio property where Mineral Resources have been identified are held by Minera Juanicipio.

Geology and mineralization

The Juanicipio deposit consists of two main vein systems, the Valdecañas vein system and the Juanicipio vein, which are significant silver-gold epithermal structures. The Valdecañas vein system consists of five veins (V1E, V1W, HW1, VANT, and V2W) and the Juanicipio vein (VJUA). Both systems strike east-southeast and dip 35° to 70° with an average dip of about 58° southwest. The Valdecañas vein system displays the metal zonation typical of the Fresnillo District and epithermal veins in general, of an upper precious metal zone (Bonanza Zone) grading downwards into a deeper base metal zone (Deep Zone). There is significant evidence for a repeat of this zonation in the deeper reaches, perhaps reflecting “stacked” boiling levels (Buchanan, 1981). The Valdecañas structure hosts the majority of the Mineral Resources currently estimated on the Juanicipio property.

The Juanicipio vein is located some 1,100 m to the south of the Valdecañas vein. Thirty-five drillholes contribute to the definition of this vein. Overall, Juanicipio is a much thinner vein and appears to have a higher gold content; however, this interpretation is based on a limited number of overall samples. Mineralization styles and host rocks are the same as those for Valdecañas.

The Valdecañas vein system has undergone multiple mineralizing events as suggested by various stages of brecciation and quartz sealing, local rhythmic microcrystalline quartz-pyrargyrite-acanthite banding, and open-space cocks-comb textures and vuggy silica. The vein system 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 (Bonanza Zone) to increased lead and zinc in the deeper reaches (Deep Zone), with copper coming in at the deepest levels.

Mineralization in the Bonanza Zone consists of precious metal-rich, banded, or brecciated quartz-pyrargyrite-acanthite-polybasite-galena-sphalerite veins. Mineralization in the Deep Zone consists of base metal-rich, banded, or brecciated quartz-galena-sphalerite-chalcopyrite veins with lesser acanthite and pyrargyrite. Portions of the veins in the Deep Zone show skarn minerals, including garnets, pyroxenes, ilvaite, and axinite within and surrounding the veins. Retrograde hydration of these minerals to chlorite and hydrogrossular is pervasive and widespread.

Mineral Resources

In December 2016, MAG Silver commissioned AMC to prepare an independent estimate of the Mineral Resources of the Juanicipio property, to be compiled using exploration data available up to 31 December 2016. The updated global Mineral Resource estimate is summarized in Table 1.1 below. The Mineral Resources are based on a cut-off NSR value of $55/t.

Table 1.1 Summary of Global Mineral Resources as of 21 October 2017
(reflecting drilling results up to 31 December 2016)

Resource Category	Tonnes (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	Metal contained in Mineral Resources				
							Ag (Moz)	Au (koz)	Pb (Mlbs)	Zn (Mlbs)	Cu (Mlbs)
Indicated	12.83	427	2.10	2.11	3.68	0.13	176	867	598	1041	38
Inferred	12.13	232	1.44	2.46	4.68	0.27	91	562	658	1252	71

Notes: CIM Definition Standards (2014) were used for reporting the Mineral Resources.
Dr A. Ross, Ph.D., P.Geo. of AMC is a Qualified Person under NI 43-101 and AMC takes responsibility for the Mineral Resource estimate.
Mineral Resources are estimated at a resource NSR cut-off value of $55 per tonne.
Resource NSR values are calculated in U.S.$ using factors of $0.61 per g/t Ag, $34.27 per g/t Au, $19.48 per % Pb, and $19.84 per % Zn. These factors are based on metal prices of $20/oz Ag, $1,300/oz Au, $0.95/lb Pb, and $1.00/lb Zn and estimated recoveries of 82% Au, 95% Ag, 93% Pb, 90% Zn. The Mineral Resource NSR does not include offsite costs.
Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
The numbers may not compute exactly due to rounding.
Source: AMC Mining Consultants (Canada) Ltd.

The Valdecañas vein system displays the vertical grade transition from upper silver-rich zones to deep base metal dominant areas that is typical of Fresnillo District veins and epithermal silver veins in general. The Mineral Resource estimate was manually divided into the Bonanza Grade Silver (BGS) Zone and the Deep Zone to highlight differing metal content within the two zones. Parts of the Juanicipio vein are included in the BGS Zone as well as the silver-rich portions of the other veins. The BGS Zone terminology was used in the previous report and is kept for continuity. The results are shown in Table 1.2 below.

Table 1.2 Mineral Resource by Bonanza and Deep Zones as of 21 October 2017
(reflecting drilling results up to 31 December 2016)

Zone	Resource category	Tonnes (Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cu (%)	Ag (Moz)	Au (koz)	Pb (Mlbs)	Zn (Mlbs)	Cu (Mlbs)
BGS Zone	Indicated	8.17	550	1.94	1.63	3.08	0.08	145	509	294	554	14
	Inferred	1.98	648	0.81	1.32	2.80	0.06	41	52	58	123	3
Deep Zone	Indicated	4.66	209	2.39	2.96	4.73	0.23	31	359	304	486	24
	Inferred	10.14	151	1.57	2.69	5.05	0.31	49	510	601	1129	69

Notes: See footnotes Table 1.1 above.

Geotechnical Considerations

Following the 2012 PEA, Minera Juanicipio conducted additional exploration drilling and captured further geotechnical data from the drill core. This data was used to complement the existing data, and a re-assessment of conceptual stope dimensions, ground support requirements and vertical development stability analyses was conducted. The assessment findings were recorded in a Preliminary Geotechnical Report compiled in September 2015.

Subsequently, AMC was requested to further review the available geotechnical information and to undertake underground visits to neighbouring mines and the existing decline at Juanicipio. These visits afforded AMC's geotechnical engineers the opportunity to take relevant measurements, obtain an appreciation of the geotechnical environment in which the mining operation is expected to take place, assess the stability of existing underground excavations taking cognisance of installed support systems, and liaise with technical services personnel.

AMC also assisted the Minera Juanicipio geologists in reviewing the existing geotechnical model, and a new 3D geotechnical model was developed by AMC for Juanicipio. The new geotechnical model takes cognisance of the additional laboratory-conducted rock strength testing recommended by AMC.

Rock mass properties and hydrogeology

A total of 20 drillholes has been geotechnically logged for the Juanicipio Project area. The results indicate that the quality of the host rock can be anticipated to be Fair; and that there will be some areas where Poor ground conditions could be expected, these being in the vicinity of faults and intersections with rhyolite tuff agglomerate or shale.

The Deformation Modulus (Young's Modulus) is an indication of the stiffness of the rock type. The host rock at Juanicipio is fairly soft, implying that deformation can be expected when subjected to large loads / stress.

To assess the rock mass properties, the results of data reduction analyses were input into Rocscience's RocLab software package. Only the LUAR rock mass properties were evaluated, reflecting both the predominance of the LUAR lithology as the host rock for the mineralized vein and the quantity and type of available rock strength test data. The results of the rock mass property analysis indicate that the waste rock strength is Fair to Good. The single sample for vein mineralization indicated a Uniaxial Compressive Strength (UCS) of 178 MPa or Good classification.

Based on limited data, the depth of weathering appears to vary significantly across the site. Depths of weathering down to 400 m below surface have been recorded.

There have been no detailed investigations carried out on the hydrogeology of the Juanicipio area. AMC recommends that hydrogeological investigations be carried out, taking particular cognisance of any further available relevant information from other mines close by. The strategy adopted for mine planning is to have the main development (ramps and footwall access) ahead of the stope mining front. This strategy will assist in dewatering levels prior to stoping.

Stable stope spans

No additional detailed geotechnical core logging has been conducted on drillhole core since the assessment of potential stope panel dimensions and vertical development recommendations were made in 2015. The results of the stope stability assessments for the Juanicipio Project using the empirical Stability Graph Method (Mathews et al. 1981; Potvin, Y. 1988) indicate that hangingwall stability is strongly influenced by vein dip. At a 65° dip a vertical stope height of 21.8 m is projected to be stable without support. At lower dip angles cable bolt support may be needed, especially in the volcanic lithologies. At a 45° dip and in the volcanic lithology, a 15 m or greater vertical height is projected to require hangingwall support for stability.

Stope dilution estimation

Dilution for Long Hole Open Stopes (LHOS) has been geotechnically estimated using the equivalent linear overbreak slough (ELOS) technique (Clark and Pakalnis, 1997). This empirical method estimates the overbreak based on recorded case histories and established design curves relating the modified stability number N' and the hydraulic radius. Stopes are considered likely to be sensitive to overbreak to some degree given the blocky ground conditions. The dilution estimation indicates an anticipated dilution of ~0.55 m from a sedimentary hangingwall dipping at 55°, which equates to a range of dilution between 15 and 20%.

Mining Concept

A number of conceptual mining method studies have been carried out to identify suitable design strategies for the project. The studies include identification of the most suitable stoping method, production rate, backfilling method, and haulage method for the mine. Methods that provide high mining recovery and lower dilution have been assessed against other methods that may be cheaper but result in greater loss or dilution of mineralization.

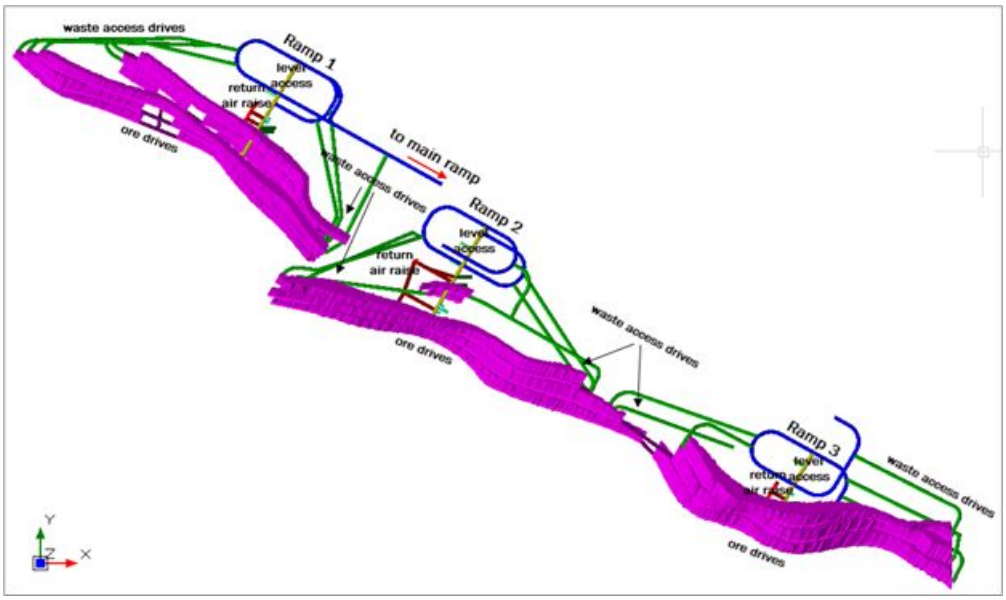
The 2012 PEA study considered a longhole stoping mining method with pastefill and a production rate of 2,650 tpd. AMC undertook several site visits to other operating mines in the area to review the details of the mining methods used and the application of rock fill. The primary mining method continues to be longhole stoping, but at an increased production rate of 4,000 tpd. Some cost savings and production efficiencies have been identified with the use of waste rock fill, which is now considered as the primary backfill; in the wider stopes where more than one longitudinal pass is required, cemented rock fill will be utilized.

The proposed mining method employs zone access via three internal ramps on 20 m sub-levels, as well as footwall access to the extents of the mineralization to allow placement of rock fill. Stopes 20 m high (floor to floor) are mined from the extents back to the central access (on retreat) with rock fill placed within 20 m of the blasting face.

In the lower levels of the vein, the vein widens out to a maximum thickness of approximately 30 m. In these areas, the vein will be mined in two longitudinal passes with a maximum width of 15 m. The footwall stope will be taken first over the full strike length, followed by the hangingwall stope. Cemented rock fill will be used in the footwall stope to prevent waste entering the hanging wall stope.

A composite conceptual plan view of the mine design showing the general layout of ramps and footwall drives for backfill access is shown in Figure 1.1 below.

Figure 1.1 Composite plan view of mine design

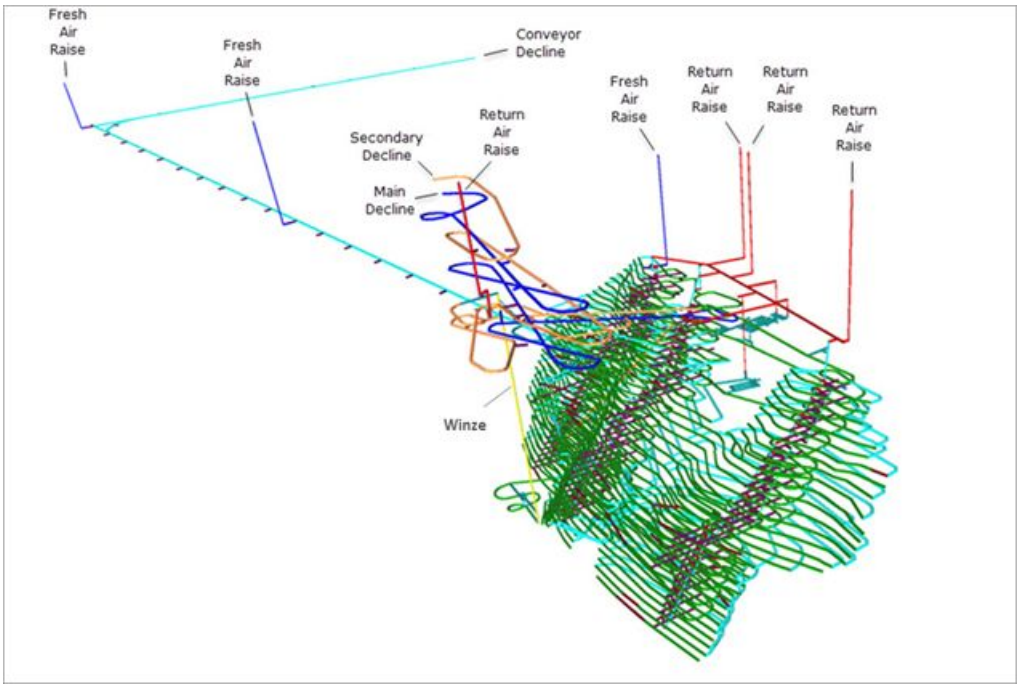


Truck haulage, shaft hoisting, and conveying have been considered for transferring mineralized rock and waste from the mine workings to surface. All waste not placed directly in stopes will be trucked to surface via twin access declines, where it will be stockpiled and later used for backfilling stopes as they are mined out. In early mining, mineralized rock from development and stoping will be trucked to a rock pass feeding the underground crusher. The crusher station is located on 1950 RL, from where the mineralized rock will be transferred to surface via a main conveyor (base at 1940 RL). The decline portal for the conveyor is near the projected processing plant location.

An underground winze (780 m in length) will be sunk in the hangingwall of the mineralization. The winze is planned to eventually hoist (after Year 8) mineralized rock from the loading station on 1300 RL to the top of the shaft on 2040 RL. Mineralized rock is transferred directly from the skips to the decline conveyor via a rock pass and loading station.

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 raises, raise-bored from surface. Figure 1.2 below is an illustration of the mine as a whole, showing the ventilation layout, the conveyor route to surface, and the winze.

Figure 1.2 Overall mine layout



Mineral Processing

Metallurgical test work was carried out between 2008 and 2015 on metallurgical samples composited from 67 drillhole samples taken from the Valdecañas vein system.

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 crushed mineralized rock will be delivered to a stockpile located near the mill and will feed directly to the mill via transfer conveyors.

The proposed milling circuit comprises a semi-autogenous grinding mill and ball mill, producing feed to the flotation circuit. Separate lead, zinc, and pyrite concentrates would be thickened, filtered, and stockpiled for dispatch by truck directly to customers or for onward shipment. It is noted that, although Cu is estimated in the Mineral Resource, it is not considered in this study, additional mineral processing work being required to establish prospects for reasonable extraction.

It is envisaged that the process plant will ramp up operations over a three year period to a steady state throughput rate of 1.4 Mtpa. Estimated mill recoveries are summarized in Table 1.3.

Table 1.3 Mill recoveries

	Gold	Silver	Lead	Zinc
Mill recovery	82%	95%	93%	90%

Project Infrastructure

A 6.5 km access road, mostly over hilly terrain, will be required to access the main decline portal site from the mill. A two-lane sealed road suitable for use by heavy vehicles is proposed.

Power would be supplied to a main substation at the site via a 115 kV overhead power line supplied from the local grid. The line would have a length of approximately 1.5 km to the main processing plant sub-station.

The electrical supply system for the Juanicipio Project will be developed in stages as the project develops. An initial system, with power sourced from a nearby mine, has been used for the initial decline development. This power will eventually be disconnected, and the supply switched over to the permanent mine system, which originates at the mill substation.

The permanent system will have power feeding the underground and surface facilities from the mill substation. There will be two feeders for the mine: a power line that will follow the access road to deliver power from the mill to the current portal and surface ventilation fans, and a second power line going down the conveyor decline.

It is anticipated that water will initially be provided via a pipeline from a neighbouring mine that has excess water from groundwater inflow. This water will be supplemented by any water from dewatering the underground workings at Juanicipio.

It is envisaged that all mill tailings will be discharged to a tailings storage facility (TSF) with a total volume of approximately 18 Mm^3. No detailed environmental or geotechnical studies have been carried out on suitable sites for the TSF for the project. Nevertheless, several sites have been considered, including a location adjacent to the proposed mill site.

Underground infrastructure

The proposed handling system for mineralized material is based around a nominal 4,000 tpd capacity, approximately equivalent to 216 tph over a 24-hour period, based on a capacity factor of 1.3. This allows for excess capacity in the mineralized material handling system relative to any potential disconnection between the mine and mill. Initially mineralized material transport from various mining levels will be by truck haulage to the crusher on 1950 RL. The crushed material is then placed on a load-out belt feeding two sequential conveyors to the surface stockpile adjacent to the mill.

Later in the mine life, an internal winze is projected to be sunk to allow the hoisting of mineralized material from the loading pocket on 1300 RL up to the crusher on 1950 RL. From there, the material will be conveyed out of the mine via the existing conveyor system. The winze hoist consists of a double drum, dual skip system with rope guides. The hoist is mounted at the head of the winze excavation in a chamber above the skip dumps. The skips are discharged via pneumatic self-discharge systems into a raise that leads to a 500 t storage bin. Mineralized material that is delivered to the bin will be sized to minus 200 mm. The storage bin discharges into a jaw crusher that sizes the material to minus 100 mm. The hoist is designed to accommodate the production capacity of 1.4 Mtpa, however there is some spare capacity built in through potential minor adjustments in hoisting schedules or skip sizes.

Development waste is either hauled to surface by trucks via the twin access declines, or placed directly into stopes as backfill. All waste hauled to surface will be stored near the current portal. Waste required for subsequent backfilling will be delivered down a waste pass driven as close to the deposit as practicable, and then distributed to the stopes.

Two bays will be provided for the storage of bulk emulsion, each containing one 24,000 L storage tank and a storage area. A third bay will be designated for the storage of detonators on wooden shelves. A powder bay will be designated for the storage of all other explosive products (other than the bulk emulsion and the detonators) on wooden shelves. A concrete wall with a steel door will separate this bay from the rest of the mine workings. All explosives bays will be located on 1920 RL.

The main maintenance area will be located on surface. All major scheduled planned maintenance and rebuilds will take place in the surface workshop. Two small service bays will be located underground for low-level maintenance, such as lubrication and small repairs. To reduce the quantity of fuel and oils stored underground, it is envisaged that the truck fleet and most utility vehicles will be fuelled on surface and maintained in a surface heavy equipment workshop. Only vehicles and equipment not travelling to surface as part of their daily routine will be fuelled underground.

Local area compressors will supply compressed air for the underground maintenance and service bay area, with compressed air lines from the air receiver routed to convenient locations in the area. All mobile drilling equipment, including jumbos, longhole drills, bolters, and cable bolters will be equipped with on-board compressors. ITH drills will have portable adjacent compressors to meet their elevated pressure requirements. Two units are required for this purpose.

Refuge station chambers with 30-person capacity will be used for emergencies; these chambers will be portable for flexibility of location at the most appropriate areas of the mine.

The groundwater inflow into the mine has been estimated using information from nearby mines and is not based on a hydrogeological model. The hydrology data available at the time of this report is not sufficiently detailed to fully understand the likely magnitude of water inflow into the mine along faults or other geological features. AMC understands that other mines in the area are currently experiencing a steady mine inflow of the order of 190 L/s in similar geological structures and lithologies to those that will be encountered at Juanicipio. Relating the strike length of the Juanicipio mineralization to other mineralization strike lengths in the area has allowed a design criterion for long term steady state inflow of 95 L/s to be projected. The mine dewatering system will be sized to handle twice this amount as the peak outflow.

The overall dewatering strategy largely depends on accessing the lower levels of the mine well ahead of stope production. This early development approach provides a means for installing a series of dewatering sumps that will dewater sections of the mine prior to production mining. The risk of flooding will be partially mitigated by this early development strategy and by the provision of spare pumping capacity.

Project Development and Production Schedule

Key conceptual milestones relating to the project development are shown in Table 1.4.

Table 1.4 Project development conceptual milestones

Milestone	Start	Finish
Decline development	Year 1*	Year 8
Conveyor decline	Year 1*	Year 2
Internal winze, engineering, and construction	Year 3	Year 9
Processing plant	Year 1*	Year 3
Full production (ramp up to 1.4 Mtpa)	Year 2	Year 5

*Year 1 is assumed to be 2018.

The estimated LOM production tonnage and grade that forms the basis for the preliminary economic assessment is set out in Table 1.5.

The potential quantity and grade is conceptual in nature. By definition a preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative 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 preliminary economic assessment will be realized.

Mill feed from vein development comprises approximately 25% of total mill feed, with the remainder from stoping operations.

Table 1.5 Material projected to be mined and processed as a basis for the economic assessment

	Grade				Contained metal			
Tonnes	**Ag (g/t)**	**Au (g/t)**	**Pb (%)**	**Zn (%)**	**Ag (Moz)**	**Au (koz)**	**Pb (Mlbs)**	**Zn (Mlbs)**
23,123,706	282	1.37	1.84	3.43	210	1,019	938	1,748

The tonnage and grades shown in Table 1.5 have resulted from the mine design and scheduling process conducted on the Mineral Resource estimate and block model prepared by AMC and described in this Report. A $55 NSR cut-off was applied to the Mineral Resource model, stope shapes have been projected, and estimated dilution and mining losses have been accounted for. Metal prices used in the NSR calculation were $1,225 per ounce gold, $17.30 per ounce silver, $0.87 per pound lead, and $0.94 per pound zinc. An exchange rate of 18.46 Mexican pesos to one U.S. dollar was assumed.

In developing the tonnage and grade estimates, stope blocks that were in contact with the property boundaries were excluded and zero grade has been assumed for the dilution material. Approximately 38% of the tonnage and 22% of the silver content of the material that forms the basis of the economic assessment is derived from Inferred Mineral Resources. The 2017 PEA 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. There is no certainty that the results of the 2017 PEA will be realized.

Project Capital Costs

Project capital is estimated at $840M; pre-production capital (Year 1 to Q1 Year 3 inclusively) is estimated to be $360M. Sustaining capital ($480M) is defined as all capital following pre-production and includes ongoing mine development after concentrate production commences, and mobile and fixed equipment replacements and rebuilds over the mine life. A summary of projected capital costs is shown in Table 1.6.

Table 1.6 Summary of projected capital costs

Item	**Capital ($) total LOM**	**Pre-production capital ($)**		
		Y01	**Y02**	**Y03***
Underground development	226,272,930	25,243,270	32,209,310	5,241,840
Mine equipment	161,878,000	0	7,284,510	4,249,300
Winze	64,044,740	0	0	0
Material movement - trucking development waste	46,949,770	1,778,840	2,082,660	1,414,330
Road and powerline to portal	5,914,000	5,914,000	0	0
Process plant	91,877,700	23,902,690	38,244,310	9,561,080
Surface infrastructure	68,138,330	13,865,330	13,865,330	13,865,330
UG infrastructure	65,830,930	19,276,980	19,276,980	19,276,980
Capitalized operating costs	22,770,790	5,149,800	14,096,800	3,524,200
Engineering, Procurement, Construction Management	24,956,260	8,318,750	8,318,750	8,318,750
Owners cost	16,377,420	5,459,140	5,459,140	5,459,140
Contingency	45,157,810	15,052,600	15,052,600	9,572,230
Total	840,168,680	123,961,400	155,890,390	80,483,180
Pre-production capital	**360,334,970**			
Sustaining capital	**479,833,710**			

Totals do not necessarily equal the sum of the components due to rounding adjustments.
* Assumed to be Q1 2020

On February 24, 2020, Fresnillo and MAG, as shareholders of Minera Juanicipio, jointly announced a project update.

In the project update, it was announced that the underground mine would commence production ahead of schedule in mid-2020, realizing commercial and operational de-risking opportunities for Minera Juanicipio. From mid-2020 until completion of the Juanicipio processing plant, mineralized material from development and initial production stopes will now be processed at the Fresnillo processing plant which is expected to have spare capacity.

With detailed engineering almost complete, major equipment purchases completed, and several significant construction contracts awarded or under review, the joint venture shareholders also updated the capex required for the project. The pre-operative capital cost on a 100% basis was revised to $440,000 from January 1, 2018, to reflect additional expenditures incurred by Minera Juanicipio on the underground development and bringing forward the full construction costs for two large life of mine ventilation shafts, as well as some sustaining capital to facilitate the early underground mine start.

Site operating costs

Total site operating costs have been estimated at $58.67/t milled. The unit costs are broken down as follows:

- Mining: $34.95/t milled
- Milling: $20.37/t milled
- General and Administration: $3.34/t milled

Key factors relating to the operating cost estimate include:

- Some unit mine operating costs from the 2012 PEA were updated for inflation.
- Revised costs were estimated for trucking, conveying and hoisting activities. Costs relating to labour, equipment and power were also updated to reflect the current production schedule.
- Power costs were estimated based on updated infrastructure needs and a unit cost of $0.0834/kWh.
- A waste rock backfill operating cost of $0.87/t mineralized material for imported waste rock fill from surface was estimated from first principles.
- Mineralized drift development cost per metre was based on a single-face average advance rate of 100 m/month. The labour component (~30%) of unit costs was scaled-up from the 2012 PEA to reflect this (2012 PEA assumed 120 m/month single-face advance). Unit mineralized development costs were also projected 10% higher for 100 m/month compared to the 2012 PEA. Unit development rates reflect current contractor pricing.
- Variable processing unit costs ($/t milled) remained the same as for the 2012 PEA to reflect inflation, but also taking account of the savings due to economies of scale. Fixed processing costs ($/year) for items such as salaries, mill maintenance and other fixed costs, were escalated by the 6 / 10 power rule to account for the higher mill throughput rate, and suitable cost inflation was also applied.

- Fixed general and administration (G&A) costs ($/year) for items including site administration, human resources, finance and purchasing, general maintenance, safety and environment, were escalated by the 6 / 10 power rule to account for the higher production rate, and suitable cost inflation was also applied.

- Operating costs were estimated for the underground conveyor at $0.59/t and for the winze and crusher at $1.22/t. These costs include labour, energy, and maintenance.

A summary of the projected annual operating costs over the life of mine is provided in Table 1.7.

Table 1.7 Summary of projected life of mine site operating costs

Year	Date	Operating cost $M
Year 1	2018	n/a – capitalized as pre-operative capital
Year 2	2019	n/a – capitalized as pre-operative capital
Year 3	2020	48
Year 4	2021	79
Year 5	2022	83
Year 6	2023	85
Year 7	2024	84
Year 8	2025	87
Year 9	2026	85
Year 10	2027	85
Year 11	2028	87
Year 12	2029	89
Year 13	2030	80
Year 14	2031	78
Year 15	2032	74
Year 16	2033	74
Year 17	2034	73
Year 18	2035	57
Year 19	2036	48
Year 20	2037	34
Year 21	2038	29
Total		**1,357**

Note: Totals do not necessarily equal the sum of the components due to rounding adjustments.

Offsite costs (concentrate transport, treatment, and refining costs)

No detailed market studies have been undertaken at this stage of the project. Lead and zinc concentrates are commonly sold as part of the world's mining and metals industries. It is envisaged that silver-rich lead concentrate and zinc concentrate may be sold to smelters in the Asian region. Lead concentrate could potentially be sold to a smelter in Mexico or exported to offshore smelters. If sold to a local smelter, transport costs could be reduced.

For purposes of its analysis, AMC has assumed that both the lead and zinc concentrates will be treated in Asia, with lead and zinc treatment charges of $235/dry metric tonne of concentrate, silver refining charges equivalent to 4% of the silver price, gold refining charges of $5/oz and, subject to a transport cost of $115/wet metric tonne. Treatment and other terms for lead and zinc concentrates were suggested by Neil S. Seldon & Associates Ltd. (NSA, 2016). Both lead and zinc concentrates are projected to incur minor treatment penalties for impurities. The pyrite concentrate is expected to be of high value and it is assumed that it will be sold to a Mexican smelter, but other alternatives are expected to be available. Total off-site costs have been estimated at $41.32/t milled.

Taxes

Income and other taxes presented in the PEA are based on Mexican legislated tax rates and do not reflect any tax planning opportunities. The tax provisions include a conventional profit based tax using the 30% corporate tax rate currently in effect, a 7.5% special mining duty applied on earnings before amortization and taxes, and a 0.5% gross revenue royalty on all gold and silver revenues. 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.

Projected sales

Project economics have been assessed using the following metal prices (Base Case Prices), which were selected after discussion with MAG Silver and referencing current market and recent historical prices, values used in other recent projects, and forecasts in the public domain:

Silver price = $17.90/oz
Gold price = $1,250/oz
Lead price = $0.95/lb
Zinc price = $1.00/lb

It is envisaged that a 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. It is envisaged that the gold-rich pyrite concentrate will be sold to a customer able to recover gold and silver using a conventional cyanide leach process.

Economic analysis

All currency is in U.S. dollars ($) unless otherwise stated. The cost estimate was prepared with a base date of Year 1 and does not include any escalation beyond this date. For net present value (NPV) estimation, all costs and revenues are discounted at 5% from the base date. An exchange rate of MXP18.46:US$1 and a corporate tax rate of 30% have been assumed.

AMC conducted a high level economic assessment of the conceptual underground operation of the Juanicipio deposit. The mine is projected to generate approximately $1,860M pre-tax NPV and $1,138M post-tax NPV at 5% discount rate, pre-tax IRR of 64.5% and post-tax IRR of 44.5%. Project capital is estimated at $840 M with a payback period of 3.4 years (undiscounted pre-tax cash flow from Year 1).

Table 1.8 provides a summary of the key inputs and results of the economic analysis. The results of the 2017 PEA compare favorably with the previous 2012 PEA, which projected a post-tax NPV at 5% discount rate of $1,233M and post-tax IRR of 43%. By definition a preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative 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 preliminary economic assessment will be realized.

Table 1.8 Key inputs and results of economic analysis

Juanicipio deposit	Unit	Value (7)
Total mineralized rock	tonnes	23,123,706
Total waste production	tonnes	6,758,008
Production tonnage silver grade (1)	g/t	282
Production tonnage gold grade (1)	g/t	1.37
Production tonnage zinc grade (1)	%	3.43
Production tonnage lead grade (1)	%	1.84
Silver recovery (1)	%	94.8
Gold recovery (1)	%	81.6
Zinc recovery (1)	%	89.8
Lead recovery (1)	%	92.8
Silver price	$/oz	$17.90
Gold price	$/oz	$1,250
Zinc price	$/lb	$0.95
Lead price	$/lb	$1.00
Silver payable (2)	%	87
Gold payable (2)	%	73
Zinc payable (2)	%	76
Lead payable (2)	%	86
Payable silver metal	oz	182,789,511
Payable gold metal	oz	747,417
Payable zinc metal	lb	1,326,904,724
Payable lead metal	lb	811,923,951
Revenue split by commodity	Silver	51.90%
Revenue split by commodity	Gold	14.82%
Revenue split by commodity	Zinc	21.05%
Revenue split by commodity	Lead	12.23%
Gross revenue	$ (M)	$6,304
Capital costs	$ (M)	840
Operating costs (total) (3)	$ (M)	1,357
Mine operating costs (4)	$/t	34.95
Processing costs	$/t	20.37
Operating costs (total) (3)	$/t	58.67
Operating cash cost (Ag)	$/oz Ag	(3.94)
Total all-in sustaining cost (Ag)	$/oz Ag	5.02
Payback period from plant start-up (5)	Years	1.8
Cumulative net cash flow (6)	$ (M)	3,152
Pre-tax NPV @5% discount rate	$ (M)	1,860
Pre-tax IRR	%	64.5
Post-tax NPV @5% discount rate	$ (M)	1,138
Post-tax IRR	%	44.5

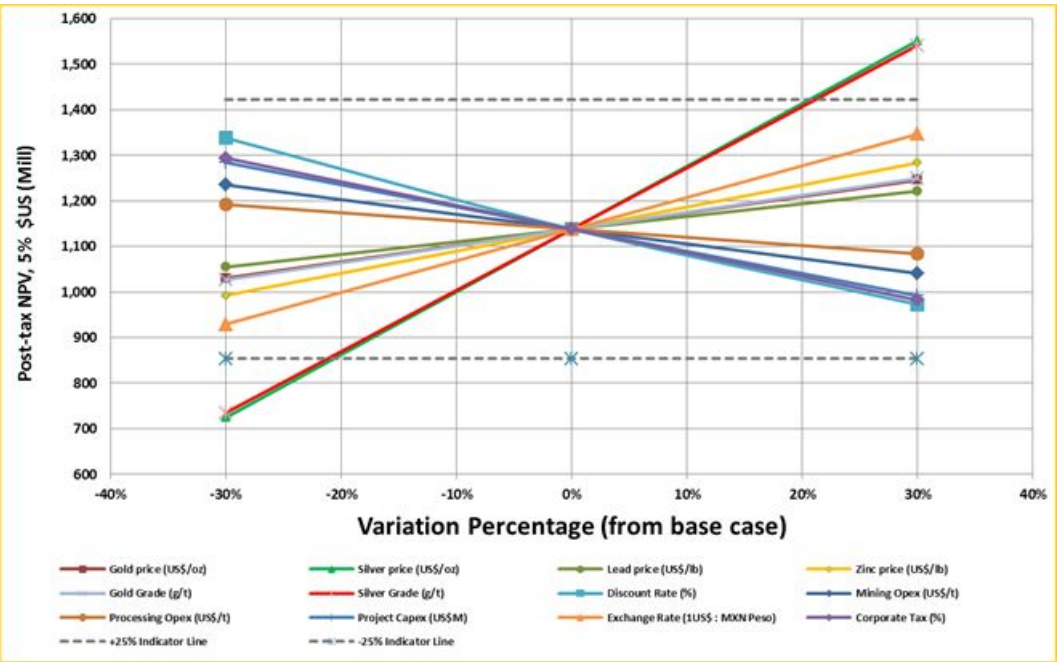
Notes:

(1) LOM average.
(2) Overall payable % includes recoveries, treatment, transport, refining costs and selling costs.
(3) Includes mine operating costs, milling, and mine G&A.
(4) Underground mining costs only.
(5) Values are post-tax from projected plant start up.
(6) Pre-tax and undiscounted.
(7) The results are preliminary in nature and include Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the results of the PEA will be realized.

Sensitivity

AMC has carried out a sensitivity analysis of the conceptual project economics. The sensitivity analysis examined the impact on the post-tax NPV (at 5% discount rate) of a 30% positive or negative change in metal prices, operating costs, capital costs, corporate tax rate, foreign exchange rate (MXN peso:$) and the discount rate. The results (Figure 1.3) show that the post-tax NPV is very positive and remains so for the range of sensitivities evaluated.

Figure 1.3 Sensitivity analysis – post-tax NPV at 5% discount rate



Conclusions

Mineral Resource estimate AMC made the following observations and conclusions: Indicated tonnes have increased by 27%, while Inferred tonnes have increased by 138%. Both Indicated and Inferred grades have decreased for silver and increased for base metals. Average gold grades have increased in the Indicated category and decreased in Inferred category. The net result in the Indicated category has been an increase in contained silver of 6% and an increase in contained gold of 59%. The increases in contained lead and zinc are 43% and 34% respectively. The net result in the Inferred category has been an increase in contained silver of 48% and an increase in contained gold of 76%. Contained lead and zinc show increases of 226% and 295% respectively. Although not a significant part of the total Mineral Resource, copper is quoted for the first time as a result of high copper values being intercepted at depth in the new drilling.

Reasons for the differences in grade, tonnes and contained metal include Mineral Resource addition down-dip and conversion to higher categories arising from the new drilling. The most significant change from the previous estimate is the increase in extent of the Deep Zone mineralization as a result of the new drilling. This is in keeping with the increase in tonnes seen in the 2017 AMC estimate. Also, the overall decrease in average precious metal grades and increase in average base metal grades reflects the new drilling targeting the deeper base metal rich zones.

Mining

- The mine will be accessed by twin declines and a conveyor decline.
- Mechanized longhole stoping with waste backfill has been selected as the mining method. This offers good productivity while maintaining selectivity.
- Trade-off studies have identified that conveying the mineralized rock directly to the relocated process plant from underground is economically and operationally superior to other arrangements.

- Evaluation of the planned production rate and scheduling of the deposit indicates that the deposit supports 1.4 Mtpa.
- All waste will be tipped directly into stopes or trucked to surface. There will be a deficit in the amount of waste required for backfilling, projected to be in Year 11. It is assumed that waste will be mined from a small pit and dropped down a waste pass for distribution to the stopes.
- A 780 m long winze will be developed to handle the mineralized material at depth. The winze will commence hoisting in Year 8.
- A 1.5 km paved access road is required from the main highway to the process plant. A 6.5 km access road, mostly over hilly terrain, will be required to access the main portal site from the plant. A two-lane sealed road suitable for use by heavy vehicles 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 located to the north of the property. The line would have a length of approximately 2 km to the main processing plant sub-station.
- It is anticipated that mine service water will initially be provided via a pipeline from a neighbouring mine that has excess water from groundwater inflow. This water will be supplemented by any water from dewatering the underground workings at Juanicipio (see final point below).
- It is envisaged that all mill tailings will be discharged to a tailings storage facility (TSF) with a total volume of approximately 18 Mm^3.
- No detailed environmental or geotechnical studies have been carried out on suitable sites for the TSF for the project.
- Extensive groundwater is anticipated at Juanicipio. Currently there has not been a detailed hydrogeological study for the mine; this may be considered a risk.

Processing

- A third metallurgical laboratory test program was undertaken during 2013, building on the two previous programs. Locked cycle flotation tests confirmed that the flotation circuit will be viable and good recoveries of silver (80.1%), lead (92.8%), and copper (38.4%) to the lead concentrate were achieved. Recoveries to zinc concentrate were 4.9% for gold, 6.8% for silver, 43.9% for copper, and 89.8% for zinc. Gold recoveries of 22.1% to pyrite concentrate were also achieved, along with 9.9% of the silver and 58.1% of the iron. Losses to final tails were reasonable, with metal grades observed in the final tails stream of 0.2 g/t gold, 24 g/t silver, 0.11% lead, 0.01% copper, and 0.11% zinc. Cyanidation of the pyrite concentrate demonstrated good gold and silver recoveries of 52% and 80% respectively.
- The proposed flowsheet is designed to treat a nominal 4,000 tpd of feed and consists of a comminution circuit, with underground primary crushing, secondary crushing and milling on surface, followed by sequential flotation to produce a silver-rich lead concentrate; followed by production of a zinc concentrate and a gold-containing pyrite concentrate. The flowsheet is conventional for lead-zinc operations, with the pyrite flotation circuit providing a variation to the most commonly used circuits. Test work supports the selection and design of the flotation circuits.
- The location of the processing plant has changed from previous studies to a large flat area suitable for construction and of sufficient size to accommodate the processing plant and tailings facility.

Economics

The preliminary economic assessment clearly indicates that the Juanicipio Project has the potential to be developed into an economically positive, high-grade underground silver mine. By definition a preliminary economic assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative 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 preliminary economic assessment will be realized. Further drilling and investigation work aimed at upgrading Inferred Mineral Resources and increasing the geotechnical and hydrogeological understanding of the deposit is recommended to augment the next stage of project design and evaluation.

Risks

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is a degree of uncertainty attributable to the estimation of Mineral Resources. Until Mineral Resources are actually mined and processed, the quantity of mineralization and grades must be considered as estimates only. Any material change in quantity of Mineral Resources, mineralization, or grade may affect the economic viability of the project.

Opportunities for Further Consideration Currently Excluded from Project Scope

Potential opportunities for the project include:

- Significant exploration potential within a large land package and a number of high priority drill targets.
- The Valdecañas vein system, including the new Anticipada Vein, is largely open at depth.
- Deep zone is open to the east and west boundaries of the joint venture property.
- Juanicipio vein open to the west and to depth for further exploration.
- The 2017 PEA only considers the identified Mineral Resources within the Valdecañas vein system, the Juanicipio vein is not considered at this time.
- Further analysis to determine the metal grade of the diluting material from the Hangingwall and Footwall over blast.
- A characterization study of the planned dilution and dilution grade.
- Lease versus purchase analysis of equipment, considering equipment availability and tax benefits of leasing.
- Assess the ability to increase the recoverability and payability of Ag and Au with a gravity circuit.
- Potential recoverability of copper to be considered and assessed.
- An opportunity exists to commence negotiations with potential smelters to possibly capitalize on lower lead and zinc treatment charges, and possibilities to reduce transport costs of concentrate.

Recommendations for further work

AMC recommends the following additional work:

- In-fill drilling to convert Inferred Mineral Resources to Indicated Mineral Resources in the Valdecañas vein system.
- Step-out drilling to expand the Deep Zone in the Valdecañas vein system and to delineate the western extent and depth of the Juanicipio vein.
- Undertake surface exploration and drilling programs on targets outside of the existing Mineral Resource area, as only 5% to 10% of the overall property has been drill tested and numerous targets for drill-based exploration have been identified.
- Continue with relevant mapping, sampling and geophysical surveys to assist in identification of new drill targets.
- Undertake a hydrogeological study to reduce risks associated with groundwater and better define the dewatering strategy.
- Undertake a geotechnical data collection program to include an appropriate number of laboratory-conducted rock strength tests on all lithological units that are expected to be intersected by underground mining.
- Geotechnically log the centreline of the planned winze and conduct a geophysical survey of the proposed shaft centreline using an optical and acoustic televiewer.
- Create a more detailed cost estimate and life of mine production plan for the next phase of the project. Assess potential to optimize lateral and vertical development quantities. The depth of the winze may need to be re-evaluated if the Mineral Resource extends further at depth.

- Optimization of the lead flotation circuit should be investigated to improve the lead grade of the concentrate without compromising recoveries. It has been shown that up to 37% of the gold and 28% of the silver in feed could be recovered to a gravity concentrate, which could improve project economics and potentially eliminate the requirement for a pyrite flotation circuit. More test work will be required to demonstrate the viability of including a gravity circuit in the final process design. An overall cost benefit study of the pyrite flotation circuit should be undertaken.

- The potential impact of metallurgical variability within the conceptual mining areas has not been demonstrated and more variability work may be required to ensure that projected grades and recoveries can be reasonably assumed to be consistently achievable over the life of the operation.

- Detailed mass and water balances should be generated to confirm metal deportment throughout the processing circuit, process water requirements and, as necessary, water discharge requirements. Similarly, energy requirements for processing operations should be further evaluated.

- Discussions with potential customers are recommended to better define likely concentrate payment terms. The discussions should be directed towards establishing provisional concentrate off-take agreements.

- Undertake further work to identify and establish firm contracts for water supply either with a neighbouring mine or from an alternative source. Further understanding of the likely quantity of groundwater will be gained from a hydrogeological study; this together with catchment dams could be an alternative solution.

It is recommended that further work be carried out as part of a structured program that includes completion of a more detailed project feasibility study. The estimated cost of this program is $15.2M.

Other Properties

The Company also holds interests in various other early-stage exploration properties. The Company continues to evaluate other exploration opportunities both on currently owned properties and on new prospects.

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. The Company will reevaluate this policy once the Juanicipio Project has achieved commercial production.

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 97,834,441 Common Shares were issued and outstanding and no Preferred Shares were issued and outstanding as at March 31, 2022. 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 the Company's 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 May 13, 2016, the Board approved a Shareholder Rights Plan (the " **Rights Plan**") between the Company and Computershare Investor Services Inc., dated as of the same date. On June 15, 2016, the Rights Plan was approved by the shareholders of the Company at its annual and special meeting of shareholders, and by the TSX. On June 13, 2019, the shareholders of the Company reconfirmed and approved the Rights Plan, which will remain in full force and effect until the Company's 2022 annual meeting of the shareholders of the Company, being the third annual meeting of the shareholders following the June 13, 2019 meeting. A copy of the Rights Plan may be obtained by request in writing to the Company at Suite 770 – 800 West Pender Street, Vancouver, British Columbia, 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 (C$)	Low (C$)	Volume
January 2021	29.24	21.27	6,279,926
February 2021	31.21	22.62	6,395,181
March 2021	25.13	17.88	7,394,876
April 2021	23.12	19.14	3,599,139
May 2021	26.14	21.65	3,812,078
June 2021	29.28	24.70	5,380,372
July 2021	27.65	22.20	2,563,357
August 2021	25.93	21.55	2,850,403
September 2021	25.07	19.84	4,509,333
October 2021	25.10	19.09	4,357,394
November 2021	26.94	20.25	7,172,861
December 2021	21.71	18.32	5,127,248

New York Stock Exchange

Month	High (US$)	Low (US$)	Volume
January 2021	23.00	16.60	14,617,711
February 2021	24.43	17.57	17,063,272
March 2021	19.81	14.15	20,077,815
April 2021	18.52	15.15	10,484,488
May 2021	21.55	17.60	10,267,423
June 2021	24.13	19.96	14,366,742
July 2021	22.21	17.40	7,866,517
August 2021	20.68	16.74	8,491,836
September 2021	20.04	15.55	9,798,866
October 2021	20.31	15.21	8,339,748
November 2021	21.73	15.84	9,357,055
December 2021	16.96	14.19	12,887,899

Prior Sales

During the fiscal year ended December 31, 2021, the Company issued the following securities that are not listed or quoted on a marketplace:

Stock Options

Date of Grant	Number of Stock Options Granted	Exercise Price (C$)	Reason for Grant
January 18, 2021	50,000	$23.53	Incentive grant for new Company Officer
December 1, 2021	50,000	$21.26	Incentive grant for new Company Officer

RSUs and PSUs

Date of Grant	Number Granted	Share Unit Value (C$)	Reason for Grant
January 18, 2021	10,000	$23.53	RSU incentive grant for new Company Officer

DSUs

Date of Grant	Number of DSUs Granted	DSU Value (C$)	Reason for Issuance
January 13, 2021	5,709	$26.27	DSU incentive grant for new Board member
April 6, 2021	1,286	$19.87	Directors' fees paid in DSUs in lieu of cash
April 6, 2021	7,549	$19.87	DSU incentive grant for new Board member
June 21, 2021	32,796	$27.44	2021 DSU grant
June 30, 2021	1,172	$25.03	Directors' fees paid in DSUs in lieu of cash
August 16, 2021	6,260	$23.96	DSU incentive grant for new Board member
September 30, 2021	1,683	$19.88	Directors' fees paid in DSUs in lieu of cash
December 31, 2021	1,677	$19.74	Directors' fees paid in DSUs in lieu of cash
December 31, 2021	1,899	$19.74	Q4 2021 DSU grant for newest Board member (pro-rated annual grant)

DIRECTORS AND OFFICERS

The following were Directors and Officers of the Company as at December 31, 2021:

Name, Occupation and Security Holding as at March 31, 2022

Name and Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[7][8][9]	No. of Options/ $C price DSU, RSU, PSU[10]
George N. Paspalas President, CEO, Director (since Oct 15, 2013) British Columbia, Canada	President and CEO of the Company since October 2013. Prior to joining MAG, Mr. Paspalas was President and CEO of Aurizon Mines (August 2011 to June 2013).	168,249	**Options** 88,028/$13.46 87,209/$14.98 46,353/$21.57 **RSU & PSU** 70,278 **DSU** 39,886
Peter D. Barnes[2][4] Director (since Oct 5, 2012) Chair (since June 18, 2020) British Columbia, Canada	Chair of the Company (since June 2020), and a Fellow of the Chartered Professional Accountants of British Columbia. Mr. Barnes co-founded Wheaton Precious Metals (formerly, Silver Wheaton Corp.) in 2004, and served as their CEO from 2006 to 2011. He was Executive Vice President and CFO of Goldcorp Inc. from 2005 to 2006, and a director of Richmont Mines Inc. from 2016 to 2017. Mr. Barnes is a member of the Institute of Corporate Directors ("**ICD**") and was a member of the Silver Institute's board of directors from 2009 to 2011.	106,954	**DSU** 89,380
Daniel T. MacInnis[5][6] Director (since Feb 1, 2005) British Columbia, Canada	Founder and President of MacXplore Consulting Services Ltd. since 2013. Mr. MacInnis was President and CEO of MAG Silver from February 2005 to October 2013. He is currently Chair of Group Eleven Resources Corp. Mr. MacInnis is a CGIC / ICSA Accredited Director.	202,588	**DSU** 85,319
Jill Leversage[2][3][4] Director (since Dec 22, 2014) British Columbia, Canada	Professional Director and Fellow of the Chartered Professional Accountants of BC. Since 2015, Ms. Leversage has focused on serving on a number of public company boards and several government-appointed boards. She currently serves as director and Chair of the Audit Committee of Aurinia Pharmaceuticals Inc., director and Chair of the Compensation Committee of RE Royalties Ltd., director of ICBC and director of the Vancouver Airport Authority. She is a former director of Catalyst Paper Corporation (2013 to 2017), Partnerships BC (2012 to 2019) and CMAIO (2016-2022).	14,300	**DSU** 109,784

Name and Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[7][8][9]	No. of Options/ $C price DSU, RSU, PSU[10]
Selma Lussenburg[4][5] Director (since Feb 1, 2020) Ontario, Canada	Ms. Lussenburg is a business executive and professional director. Currently, Ms. Lussenburg serves as director for Ontario Power Generation Inc. and the Muskoka Airport, Chairs the Ontario Government's Internal Audit Justice Sectoral Advisory Committee, and is a Canadian private sector member on the CUSMA 13.22 Advisory Committee on the resolution of private commercial disputes. From 2013 to 2018, she served as VP Governance, Corporate Safety & Security, General Counsel and Corporate Secretary of the Greater Toronto Airports Authority (Toronto Pearson International Airport). Ms. Lussenburg holds a Masters of International Law (LLM) from the Australian National University and a C.Dir. designation from the Directors College.	3,250	**DSU** 24,603
Susan F. Mathieu[5][6] Director (since Jan 13, 2021) Alberta, Canada	A professional director, Ms. Mathieu previously held various operating and corporate positions in the international mining industry. She is the former VP Environment & Sustainability with NexGen Energy (2019-2020), and was an Associate, Senior Mining Consultant and Mining Project Management Group Leader at Golder Associates (2013-2017). She previously held VP roles with Centerra Gold (2013) and Nova Gold (2008-2009), and management roles with BHP Billiton (2011-2012), Falconbridge / Noranda (2000-2006) and Placer Dome (1991-2000). Ms. Mathieu is a member of the ICD and is working to attain certification.	6,000	**DSU** 12,932
Tim Baker[3][5][6] Director (since March 31, 2021) British Columbia, Canada	Mr. Baker is currently a director of Triple Flag Precious Metals and RCF Acquisition Corp. Mr. Baker has a B.Sc. in Geology from Edinburgh University and has substantial experience in operating international mines and projects. He was EVP and COO of Kinross Gold Corporation prior to retiring in 2010. Since then, Mr. Baker has been a director on the boards of Golden Star Resources (Chair of the Board), Sherritt International, Augusta Resources, Antofagasta PLC, Eldorado Gold, Rye Patch Gold (later Alio Gold) and Pacific Rim Mining. Mr. Baker is a member of the ICD.	4,500	**DSU** 13,015

Name and Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[7][8][9]	No. of Options/ $C price DSU, RSU, PSU[10]
Dale Peniuk[2][3] Director (since August 3, 2021) British Columbia, Canada	Mr. Peniuk is a Chartered Professional Accountant (CPA, CA) and corporate director. Mr. Peniuk currently serves on the Board and as Audit Committee Chair of Lundin Mining (TSX and Nasdaq Stockholm), Argonaut Gold (TSX) and Kuya Silver (CSE), and has been on the Board and Chair of the Audit Committee of numerous other Canadian public mining companies since 2006. Mr. Peniuk obtained his Bachelor of Commerce (Accounting and Management Information Systems) degree from the University of British Columbia in 1982 and his CA designation from the Institute of Chartered Accountants of British Columbia (now the Chartered Professional Accountants of British Columbia) in 1986, and spent more than 20 years with KPMG LLP and predecessor firms, the last 10 of which as an assurance partner with a focus on mining companies, including leading KPMG's Vancouver office mining industry group.	Nil	**DSU** 8,159
Peter K. Megaw Chief Exploration Officer Arizona, USA	President of IMDEX and co-founder of Cascabel, a geological consulting company (since 1988). Dr. Megaw is a co-founder of MAG and has been a consulting geologist for MAG since its inception in 2003. From 2003 to 2014, he also served as a director of MAG. Dr. Megaw is currently a director of Minaurum Gold Corp., Jade Leader Corp. and Relevant Gold Corp.	343,140	**Options** 68,421/$13.91 76,291/$13.46 75,581/$14.98 40,173/$21.57 **RSU & PSU** 73,274
Larry Taddei[11] Chief Financial Officer British Columbia, Canada	CFO of the Company since June 2010. Mr. Taddei has been a Chartered Professional Accountant (formerly Chartered Accountant) since 1990.	50,854	**Options** 16,041/$13.46 34,108/$14.98 30,902/$21.57 **RSU & PSU** 41,506
Jim Mallory Chief Sustainability Officer British Columbia, Canada	CSO of the Company since October 2021. Prior to that, Mr. Mallory was consulting for MAG in supporting the Company's ESG Implementation Plan (2020-2021). Mr. Mallory has held various executive roles in corporate sustainability, including as VP Corporate Sustainability of First Majestic Silver (2018-2020), VP Corporate Responsibility of Primero Mining (2014-2018), VP Operations and Social Responsibility of South American Silver (2011-2013) and VP Sustainability of Silver Standard Resources (2009-2011). Mr. Mallory is a member of the ICD.	1,500	**Options** 50,000/$21.26 **RSU & PSU** Nil
Jill Neff Corporate Secretary British Columbia, Canada	Corporate Secretary of the Company since January 2021. Prior to that, Ms. Neff was Corporate Secretary of Sierra Metals Inc. from February 2013 to January 2021.	Nil	**Options** 50,000/$23.53 **RSU & PSU** 10,000

Name and Position[1]	Principal Occupation or Employment during the past 5 years	No. of Shares[7][8] [9]	No. of Options/ $C price DSU, RSU, PSU[10]
Michael J. Curlook Vice President, Investor Relations and Communications British Columbia, Canada	Vice President, Investor Relations and Communications of the Company since March 2013.	98,609	**Options** 16,842/$13.91 18,779/$13.46 18,604/$14.98 10,506/$21.57 **RSU & PSU** 20,967

Notes:

(1) Each director's term of office expires at the next annual general meeting of shareholders of the Company.
(2) Member of the Audit Committee.
(3) Member of the Compensation and Human Resources Committee.
(4) Member of the Governance and Nomination Committee.
(5) Member of the HSEC Committee.
(6) Member of the Technical Committee.
(7) Includes beneficial, direct and indirect shareholdings.
(8) Does not include stock options and other rights to purchase or acquire shares.
(9) Includes direct and indirect ownership.
(10) Includes grants of RSUs and PSUs made under the Company's Share Unit Plan and grants of DSUs made under the Directors' Deferred Share Unit Plan.
(11) Mr. Taddei will step down from the role of CFO effective May 20, 2022 to pursue other opportunities. Fausto Di Trapani has been appointed to replace Mr. Taddei as CFO effective May 20, 2022.

There are 97,834,441 Common Shares issued and outstanding as at March 31, 2022. As of March 31, 2022, directors and officers of the Company as a group own or control 999,944 Common Shares of the Company representing approximately 1.0% of its issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of the Company 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, or a shareholder holding sufficient number of securities of the Company to affect materially the control of the Company, 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 the Province 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 the Province 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 Business Conduct and Ethics

The Company's Code of Conduct applies to all of its directors, officers, employees, consultants and contractors. It includes provisions covering conflicts of interest; ethical conduct; compliance with applicable government laws, rules and regulations; and accountability for adherence to the Code of Conduct. For more information on the Code of Conduct, see "*Code of Business Conduct and Ethics*" in the "*Description of the Business*" section above.

The Code of Conduct is posted on the Company's website at https://magsilver.com/corporate/governance/.

Audit Committee

The Audit Committee of the Board (the "**Audit Committee**") is responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the Company's external auditors. For more information regarding the responsibilities of the Audit Committee, please see the Audit Committee Charter attached hereto as Schedule "A". The Audit Committee Charter is also available on the Company's website at https://magsilver.com/corporate/governance/.

Audit Committee Composition and Background

The Audit Committee is comprised of Dale Peniuk (Chair), Jill Leversage and Peter Barnes. All three 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:

- Dale Peniuk, BCom, CPA,CA (Chair of the Audit Committee) – Mr. Peniuk is a Chartered Professional Accountant (CPA, CA) and corporate director. Mr. Peniuk currently serves on the Board and as Audit Committee Chair of Lundin Mining Corporation, Argonaut Gold Inc. and Kuya Silver Corporation, and has been on the Board and Chair of the Audit Committee of numerous other Canadian public mining companies since 2006. Mr. Peniuk obtained his Bachelor of Commerce (Accounting and Management Information Systems) degree from the University of British Columbia in 1982 and his Chartered Accountant designation from the Institute of Chartered Accountants of British Columbia (now the Chartered Professional Accountants of British Columbia) in 1986, and spent more than 20 years with KPMG LLP Chartered Accountants and predecessor firms, the last 10 of which as an assurance partner with a focus on mining companies, including leading KPMG's Vancouver office mining industry group.

- Jill Leversage, FCA, CBV – Ms. Leversage has over 30 years of experience in the financial advisory and services sector. She began her finance career at Burns Fry Ltd. and has held senior level positions at both RBC Capital Markets and TD Securities. Ms. Leversage currently serves on a number of public and government related boards including Aurinia Pharmaceuticals Inc., RE Royalty Ltd., Insurance Corporation of BC and the Vancouver Airport Authority. She is a Fellow in the Institute of Chartered Professional Accountants, a CGIC / ICSA Accredited Director, and is also a Chartered Business Valuator (ret.) of the Canadian Institute of Chartered Business Valuators.

- Peter Barnes, FCPA, FCA, D.Sc (Econ)., ICD.D – Mr. Barnes is Chair of the Board of MAG Silver Corp., and is a Fellow of the Institute of Chartered Accountants of BC. Mr. Barnes co-founded Wheaton Precious Metals (formerly, Silver Wheaton Corp.) in 2004, and served as their CEO from 2006 to 2011. 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. Mr. Barnes is a CGIC / ICSA Accredited Director.

The Board has determined that each of the Audit Committee members is an "audit committee financial expert" within the meaning of the regulations promulgated by the SEC and an "independent director" as that term is defined by the rules contained in the NYSE American 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.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board 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

For the fiscal years ended December 31, 2021 and December 31, 2020, the fees billed by the Company's current external auditor, Deloitte LLP ("**Deloitte**"), are summarized below for each category:

	Year ended December 31, 2021 Canadian $	**Year ended December 31, 2020 Canadian $**
Audit Fees	333,882	350,494
Audit-Related Fees	0	0
Tax Fees	100,870	82,462
All Other Fees	0	0
Total	**434,752**	**432,956**

The nature of the services provided by Deloitte 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 for the audit of the Company's annual consolidated financial statements, for the quarterly interim reviews of the Company's unaudited consolidated financial statements.

Audit-Related Fees

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

Tax Fees

Tax fees are those incurred for professional services rendered by Deloitte for tax compliance, including the review of tax returns, tax planning and advisory services relating to common forms of domestic and international taxation, continued tax planning and advisory services on potential restructuring and spin-out projects, and services related to the Company's transfer pricing report.

All Other Fees

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

Compensation and Human Resources Committee

The Compensation and Human Resources Committee of the Board is comprised of the following three directors, all of whom are independent: Tim Baker (Chair), Jill Leversage and Dale Peniuk. The primary purpose of the Compensation and Human Resources Committee is to assist the Board in carrying out its responsibilities with respect to:

a) establishing guidelines and principles with respect to compensation and benefits provided by the Company to its employees;

b) monitoring the Company's significant strategies, programs and policies relating to compensation and human resources;

c) leading the annual performance evaluation of the CEO and determining compensation for the CEO and other executive officers of the Company;

d) overseeing the Company's equity-based compensation plans;

e) determining directors' compensation; and

f) reviewing succession plans with respect to the CEO and other executive officers of the Company.

The Compensation and Human Resources Committee Charter can be found on &

the Company website at https://magsilver.com/corporate/governance/.

Governance and Nomination Committee

The Governance and Nomination Committee is comprised of three directors, all of whom are independent: Jill Leversage (Chair), Peter Barnes and Selma Lussenburg. The primary objective of this committee is to assist the Board in carrying out its responsibilities with respect to:

a) developing and implementing governance guidelines and principles, monitoring governance programs and policies, and providing governance leadership to the Company;

b) reviewing the performance of the Board, Board committees and individual directors;

c) assessing the size, composition and effectiveness of the Board, including the competencies, skills and other qualities that the Board should possess as a whole;

d) establishing and leading the process for identifying and recruiting qualified individuals for Board and Board committee membership; and

e) reviewing and monitoring the processes for the orientation of new directors and the continuing education of existing directors.

The Governance and Nomination Committee Charter can be found on the Company website at https://magsilver.com/corporate/governance/.

Health, Safety, Environment and Community Committee

The HSEC Committee is comprised of Daniel MacInnis (Chair), Selma Lussenburg, Susan Mathieu and Tim Baker. All four members of the HSEC Committee are independent. The primary objective of this committee is to assist the Board in its oversight of:

a) the risks, challenges and opportunities to the Company's business associated with health, safety, environmental and social responsibility (including human rights and community engagement) matters;

b) the Company's sustainability conduct, including health, safety, environmental and social responsibility policies and programs, and performance in such areas;

c) the Company's compliance with applicable legal and regulatory requirements associated with health, safety, environmental and human rights matters; and

d) the Company's external reporting in relation to health, safety, environmental and social responsibility matters.

The HSEC Committee Charter is available on the Company website at https://magsilver.com/corporate/governance/.

Technical Committee

The Technical Committee is comprised of the following three directors, all of whom are independent: Susan Mathieu (Chair), Tim Baker and Dan MacInnis. The primary purpose of the Technical Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's operational performance and operating risks from a technical perspective. The Company's operations include exploration and development projects, operating mines, projects in reclamation and projects being considered as acquisition targets.

The Technical Committee Charter is available on the Company website at https://magsilver.com/corporate/governance/.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no pending or contemplated legal proceedings to which the Company is a party or of which any of the Company's properties is the subject.

As of December 31, 2021, 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, 2021; 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, 2021.

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, U.S.A., is the Chief Exploration Officer of the Company. He is remunerated through IMDEX as outlined below, with the exception of equity incentives (stock options, RSUs and PSUs), which are granted directly to Dr. Megaw.

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. A full impairment has been recognized on the Cinco de Mayo Property by the Company effective December 31, 2016. 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:

Year Ended December 31, 2021	Cascabel & IMDEX	IMDEX related to Dr. Megaw	US$ Total
General consulting, marketing, investor relations		436,182	**436,182**
Exploration management, field costs and travel reimbursement	221,405	28,500	**249,905**
Total	221,405	464,682	**686,087**

Year Ended December 31, 2020	Cascabel & IMDEX	IMDEX related to Dr. Megaw	US$ Total
General consulting, marketing, investor relations	-	504,299	**504,299**
Exploration management, field costs and travel reimbursement	214,599	11,989	**226,588**
Total	214,599	516,288	**730,887**

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 finder's fee may be payable by MAG on any new property of merit.

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, is the Shareholders' Agreement dated October 10, 2005 between the Company, Peñoles and others relating to Minera Juanicipio. See "*Economic Dependence*" in "*Description of the Business*", 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.

The Mineral Resource estimate and Preliminary Economic Assessment for the Juanicipio Project (as defined herein) in Zacatecas State, Mexico, which report was amended and restated on January 19, 2018 and re-titled "Juanicipio NI 43-101 Technical Report (Amended and Restated)" and filed on SEDAR on January 19, 2018, which is incorporated by reference herein, was prepared by and under the supervision of AMC and authored by Adrienne Ross, Ph.D., P.Geo., P.Geol., Gary Methven, P.Eng., Harald Muller, FAusIMM and Carl Kottmeier, P.Eng. This report replaced and supersedes the previously filed reports with respect to the Juanicipio Project.

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, 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 with respect to the Company within the meaning of the U.S. Securities Act of 1933, as amended, and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States) (PCAOB) and within the meaning of the rules of professional conduct of the Chartered Professional 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 18, 2020, 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, 2021.

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"
AUDIT COMMITTEE CHARTER

MAG SILVER CORP.
(the "Corporation")

AUDIT COMMITTEE CHARTER

1. General

1.1. The board of directors (the "**Board**") of the MAG Silver Corp. (the "**Company**") 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 Company, the system of internal control and management of financial risks, the external audit process, and the Company's process for monitoring compliance with laws, regulations and its own Code of Business Conduct and Ethics. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors, and will 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 of the Company's business, operations and risks.

1.2. The Company's independent auditor is ultimately accountable to the Board and to the Committee. The Board and Committee, as representatives of the Company'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 independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Company's independent auditors, Board and Company 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

2.1. 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 American, unless otherwise exempt from such requirements.

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

2.3. 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

3.1. The Committee will have the following duties:

(a) Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

(b) Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

(c) Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

(d) Review any legal matters which could significantly impact the financial statements as reported on by the Company's counsel and engage outside independent counsel and other advisors whenever as deemed necessary by the Committee to carry out its duties.

(e) Review the Company'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**").

(f) Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.

(g) Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.

(h) Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.

(i) Meet with management and the external auditors to review the annual financial statements and the results of the audit.

(j) 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:

i. actual financial results for the interim period varied significantly from budgeted or projected results;

ii. generally accepted accounting principles have been consistently applied;

iii. there are any actual or proposed changes in accounting or financial reporting practices; or

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

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

(l) Recommend to the Board an external auditor to be nominated for appointment by the Company's shareholders. Subject to the appointment of the Company's external auditor by the Company'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 Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Company's external auditor shall report directly to the Committee.

(m) Review with the Company's management, on a regular basis, the performance of the external auditors, the terms of the external auditor's engagement, accountability and experience.

(n) The Committee Chair will pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditor. The decisions of the Committee Chair relating to the pre-approval of non-audit services must be presented to the full Committee at its next scheduled Committee meeting.

(o) 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 Company, including:

i. ensuring 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;

ii. 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

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

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

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

(r) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(s) Establish a procedure for:

i. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

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

(t) Adhere to the processes and procedures of the Company's Whistleblower Protection Policy, including, but not limited to:

i. investigating complaints made to the Committee;

ii. retaining all documents and records regarding any complaint made to the Committee;

iii. determining the validity of each complaint and fashioning, with the input of its advisors and the Company's management, if requested, the appropriate corrective action for each complaint; and

iv. discussing the status of any ongoing investigation at each quarterly meeting.

(u) 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.

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

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

(x) Review and oversee all related party transactions.

(y) Perform other functions as requested by the Board.

(z) 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.

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

(bb) With regard to the Company's internal control procedures, the Committee is responsible to:

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

ii. review compliance under the Company'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

iii. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company.

(cc) periodically review the Company'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.

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

(ee) The Committee Chair will participate in shareholder engagement in regard to matters arising in respect to the Committee's responsibilities.

(ff) Review and approve financial summaries and disclosure made in accordance with the *Extractive Sector Transparency Measures Act.*

4. Chair

4.1. The Board shall designate one Committee member to act as the chair of the Committee (the " **Chair**"). In the Chair's absence, the Committee may select another member to act as Chair by majority vote in order to transact business at a meeting of the Committee. The Chair will not have a casting vote. The Chair shall lead all Committee meetings, ensure the fulfillment of the Committee's mandate and report on Committee activities to the Board.

5. Meetings

5.1. The Committee will meet as often as is required to fulfill its responsibilities or 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 Company 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 Company.

5.2. The Committee may invite such other persons (e.g. without limitation, the President or Chief Financial Officer) to its meetings, as it deems appropriate. In-camera sessions will be held during, or after, every committee meeting (including special meetings) for which any guests including non-independent directors, shall be asked to leave. The Chief Executive Officer shall not attend in-camera sessions of the Committee unless his/her presence is deemed appropriate for a portion of the in-camera session, after which the Chief Executive Officer will be requested to leave.

6. Quorum

6.1. 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

7.1. 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 Company. The Board will fill vacancies in the Committee by appointment from among the directors in accordance with Section 2 of this Charter or as otherwise permissible under U.S. and Canadian securities laws. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all of the Committee's powers.

8. Authority

8.1. The Committee may:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee; and

(c) communicate directly with the internal and external auditors.

8.2. 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 Company officers at meetings as appropriate.

9. Secretary and Minutes

9.1. 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 Company, and will be circulated to all members of the Board.

10. Funding

10.1. The Committee shall be provided with 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 Company; (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.

"AIF" is this Annual Information Form dated March 31, 2021.

"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.

"AMC" is AMC Mining Consultants (Canada) Ltd.

"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.

"ATM Program" is the Company's at-the-market equity program, announced on June 30, 2020.

"Au" is the elemental symbol for gold.

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

"Board" is the board of directors of the Company.

"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.

"Code of Conduct" the Company's Code of Business Conduct and Ethics.

"Common Shares" is the common shares without par value in the capital of the Company.

"Company", "**MAG**" or "**MAG Silver**" 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.

"COVID-19" the novel coronavirus and variants thereof.

"CRD" is a carbonate replacement deposit.

"Deer Trail Project" is the Deer Trail project described throughout this AIF, commencing on page 10.

"Deloitte" is the Company's auditors, Deloitte LLP.

"DSUs" are deferred share units.

"EPCM Agreement" is the Engineering, Procurement and Construction Management Agreement between Minera Juanicipio and an affiliate of Fresnillo that is overseeing the Juanicipio Project mine construction and development.

"ESG" refers to environmental, social and governance.

"ESTMA" is the Extractive Sector Transparency Measures Act (Canada).

"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 Mineral 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.

"Fresnillo" is Fresnillo plc.

"g/t" refers to grams per tonne (34.2857 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.

"HSEC" is Health, Safety, Environment and Community.

"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.

"IFRS" is the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"IMDEX" is IMDEX Inc.

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

"Juanicipio Project" is the Juanicipio project described throughout this AIF, commencing on page 9.

"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.

"Met-Mex" is Met-Mex Peñolos, S.A. de C.V.

"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%).

"Minera Juanicipio Board" is the board of directors of Minera Juanicipio.

"Mineral Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the Mineral Reserve determination. It is 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.

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

"NI 43-101" is National Instrument 43-101 – *Standards of Disclosure for Mineral Projects.*

"NI 52-110" is National Instrument 52-110 – *Audit Committees.*

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

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

"Official Closing Rate" is 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.

"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.

"Peñoles" is Industrias Peñoles, S.A. de C.V.

"PFIC" is a Passive Foreign Investment Company.

"PSUs" are performance share units.

"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.

"Rights Plan" the Company's Shareholder Rights Plan dated as of May 13, 2016.

"RSUs" are restricted share units.

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

"Shareholders' Agreement" is the shareholders agreement dated October 10, 2005 that governs Minera Juanicipio.

"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.

"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.

"tpd" is tonnes per day.

"TSX" is the Toronto Stock Exchange.

"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.

"2017 PEA" is the MAG Silver Juanicipio NI 43-101 Technical Report filed on December 18, 2017 with an Amendment and Restated report filed on SEDAR on January 19, 2018. prepared by and under the supervision of AMC Mining Consultants (Canada) Ltd. and authored by A. Ross, Ph.D., P.Geo. (BC, AB) G. Methven, P.Eng. (BC) H. Muller, FAusIMM C. Kottmeier, P.Eng. (BC).

Exhibit 99.2

MAG SILVER CORP.

Consolidated Financial Statements
(expressed in thousands of US dollars)

For the years ended December 31, 2021 and 2020

Dated: March 31, 2022

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 financial information in the Annual Report for MAG Silver Corp. (the "Company") are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances. The financial 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 place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian and U.S. securities regulations. We, as Chief Executive Officer and Chief Financial Officer, will certify our annual filings with the Canadian Securities Administrators, as required in Canada by National Instrument 52-109 – *Certification of Disclosure*, and in the United States with the U.S. Securities and Exchange Commission as required by the Securities 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 reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, which is 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 external auditors, assesses the adequacy of our internal controls, including management's assessment described below, examines and approves the fees and expenses for the audit services, and recommends the independent auditors to the Board of Directors for the appointment by the shareholders. The 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 reporting and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial 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 of MAG Silver Corp. ("MAG" or "the Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or caused to be designed under the supervision of the President and Chief Executive Officer, and the Chief Financial Officer, and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB. It includes those policies and procedures that:

i. pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of MAG;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS as issued by the IASB, and that MAG's receipts and expenditures are made only in accordance with authorizations of management and MAG's directors; and

iii. provided reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of MAG's assets that could have a material effect on the Company's consolidated financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of MAG's internal control over financial reporting as of December 31, 2021, based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concludes that, as of December 31, 2021, MAG's internal control over financial reporting was effective.

The effectiveness of MAG's internal control over financial reporting, as of December 31, 2021, has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited the Company's consolidated financial statements as at and for the year ended December 31, 2021, as stated in their report.

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

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

March 31, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of MAG Silver Corp. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flows, for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2022 expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 31, 2022

We have served as the Company's auditor since 1999.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of MAG Silver Corp. and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated March 31, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.
We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, Canada
March 31, 2022

MAG SILVER CORP.
Consolidated Statements of Financial Position

(In thousands of US dollars, unless otherwise stated)

	Note	December 31, 2021	December 31, 2020
ASSETS			
CURRENT			
Cash	3	$ 56,748	$ 94,008
Accounts receivable	4	2,097	897
Prepaid expenses		526	509
TOTAL CURRENT ASSETS		59,371	95,414
INVESTMENTS	5	1,179	11,951
INVESTMENT IN JUANICIPIO	6	291,084	202,570
EXPLORATION AND EVALUATION ASSETS	7	20,254	12,472
PROPERTY AND EQUIPMENT	8	484	675
TOTAL ASSETS		$ 372,372	$ 323,082
LIABILITIES			
CURRENT			
Trade and other payables		$ 1,500	$ 808
Current portion of lease obligation	8	110	93
TOTAL CURRENT LIABILITIES		1,610	901
NON-CURRENT			
Lease obligation	8	275	383
Deferred income taxes	16	2,557	4,721
Provision for reclamation	7	409	409
TOTAL LIABILITIES		4,851	6,414
EQUITY			
Share capital	9	543,927	496,604
Equity reserve		18,215	16,906
Accumulated other comprehensive income		1,798	10,628
Deficit		(196,419)	(207,470)
TOTAL EQUITY		367,521	316,668
TOTAL LIABILITIES AND EQUITY		$ 372,372	$ 323,082
COMMITMENTS AND CONTINGENCIES	15		
SUBSEQUENT EVENT	17		

ON BEHALF OF THE BOARD (approved on March 31, 2022)

/s/ "Dale Peniuk"
Dale Peniuk, Director

/s/ "Jill Leversage"
Jill Leversage, Director

See accompanying notes to the consolidated financial statements

MAG SILVER CORP.
Consolidated Statements of Income (Loss) and Comprehensive Income
(In thousands of US dollars, except for shares and per share amounts)

	Note	For the year ended December 31, 2021	2020
EXPENSES			
Accounting and audit		$ 517	$ 442
Amortization	8	146	121
Filing and transfer agent fees		274	301
General exploration and business development		102	38
General office expenses		647	473
Insurance		1,316	610
Legal		161	371
Management compensation and consulting fees		3,736	3,259
Share-based payment expense	9b,c,d	4,256	3,122
Shareholder relations		273	298
Travel		35	58
		11,463	9,093
INTEREST INCOME		174	637
FOREIGN EXCHANGE GAIN		61	171
INCOME FROM EQUITY ACCOUNTED INVESTMENT IN JUANICIPIO	6	15,686	2,214
INCOME (LOSS) FOR THE YEAR BEFORE INCOME TAX		$ 4,458	$ (6,071)
DEFERRED INCOME TAX BENEFIT (EXPENSE)	16	1,567	(1,026)
INCOME (LOSS) FOR THE YEAR		$ 6,025	$ (7,097)
OTHER COMPREHENSIVE INCOME (LOSS):			
Items that will not be reclassified subsequently to profit or loss:			
UNREALIZED (LOSS) GAIN ON EQUITY SECURITIES	5	(4,401)	14,493
NET OF DEFERRED TAX BENEFIT (EXPENSE)	16	597	(1,713)
		(3,804)	12,780
TOTAL COMPREHENSIVE INCOME		$ 2,221	$ 5,683
BASIC AND DILUTED INCOME (LOSS) PER SHARE		$ 0.06	$ (0.08)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2o		
BASIC		95,181,258	91,108,622
DILUTED		95,459,515	91,108,622

See accompanying notes to the consolidated financial statements

MAG SILVER CORP.
Consolidated Statements of Changes in Equity

(In thousands of US dollars, except shares)

	Note	Common shares without par value		Equity	Accumulated other comprehensive		Total
		Shares	Amount	Reserve	income (loss)	Deficit	equity
Balance, January 1, 2020		86,545,847	$ 399,995	$ 17,777	$ (1,015)	$ (201,510)	$ 215,247
Stock options exercised	9a,b	418,294	4,565	(1,228)	-	-	3,337
Stock options exercised cashless	9a,b	139,273	1,404	(1,404)	-	-	-
Restricted and performance share units converted	9a,c	20,382	819	(819)	-	-	-
Deferred share units converted	9a,d	60,000	557	(557)	-	-	-
Share-based payment	9b,c,d	-	-	3,137	-	-	3,137
Issued for cash	9a	7,621,085	89,164	-	-	-	89,164
Issued for property option payment	7a	8,241	100	-	-	-	100
Transfer of gain on disposal of equity securities at FVOCI to deficit, net of tax	5	-	-	-	(1,137)	1,137	-
Unrealized gain on equity securities	5	-	-	-	14,493	-	14,493
Deferred tax expense on unrealized securities gain	5	-	-	-	(1,713)	-	(1,713)
Loss for the year		-	-	-	-	(7,097)	(7,097)
Balance, December 31, 2020		94,813,122	$ 496,604	$ 16,906	$ 10,628	$ (207,470)	$ 316,668
Stock options exercised	9a,b	75,066	1,315	(330)	-	-	985
Stock options exercised cashless	9a,b	25,089	177	(177)	-	-	-
Restricted and performance share units converted	9a,c	40,131	826	(826)	-	-	-
Deferred share units converted	9a,d	159,810	1,663	(1,663)	-	-	-
Share-based payment	9b,c,d	-	-	4,305	-	-	4,305
Issued for cash	9a	2,691,000	43,242	-	-	-	43,242
Issued for property option payment	7a	5,223	100	-	-	-	100
Transfer of gain on disposal of equity securities at FVOCI to deficit, net of tax	5	-	-	-	(5,026)	5,026	-
Unrealized loss on equity securities	5	-	-	-	(4,401)	-	(4,401)
Deferred tax benefit on unrealized securities loss	5	-	-	-	597	-	597
Income for the year		-	-	-	-	6,025	6,025
Balance, December 31, 2021		97,809,441	$ 543,927	$ 18,215	$ 1,798	$ (196,419)	$ 367,521

See accompanying notes to the consolidated financial statements

MAG SILVER CORP.
Consolidated Statements of Cash Flows
(In thousands of US dollars, unless otherwise stated)

	Note	For the year ended December 31, 2021	2020
OPERATING ACTIVITIES			
Income (Loss) for the year		$ 6,025	$ (7,097)
Items not involving cash:			
Amortization	8	146	121
Deferred income tax (benefit) expense	16	(1,567)	1,026
Income from equity accounted Investment in Juanicipio	6	(15,686)	(2,214)
Share-based payment expense	9b,c,d	4,256	3,122
Unrealized foreign exchange gain		(260)	(738)
Changes in operating assets and liabilities			
Accounts receivable		116	(201)
Prepaid expenses		(17)	(241)
Trade and other payables		265	8
Net cash used in operating activities		(6,722)	(6,214)
INVESTING ACTIVITIES			
Exploration and evaluation expenditures	7	(7,169)	(4,873)
Investment in Juanicipio	6	(74,136)	(64,270)
Proceeds from disposition of equity securities	5	6,371	3,905
Purchase of equipment	8	(5)	(74)
Net cash used in investing activities		(74,939)	(65,312)
FINANCING ACTIVITIES			
Issuance of common shares upon exercise of stock options	9	985	3,337
Issuance of common shares, net of share issue costs	9	43,242	89,164
Payment of lease obligation (principal)	8	(91)	(72)
Net cash provided by financing activities		44,136	92,429
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		265	745
(DECREASE) INCREASE IN CASH		(37,260)	21,648
CASH, BEGINNING OF YEAR		94,008	72,360
CASH, END OF YEAR		$ 56,748	$ 94,008

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 and is governed by the Business Corporations Act of the Province of British Columbia. Its shares are listed on both the Toronto Stock Exchange in Canada and the NYSE American Exchange in the United States of America.

The Company is an advanced stage development and exploration company that is focused on the acquisition, exploration and development of high-grade, district-scale mineral projects located primarily in the Americas. The Company's principal asset is a 44% interest in the Juanicipio Project (see *Investment in Juanicipio, Note 6*) located in Zacatecas, Mexico, which is now in the construction phase heading to production. The Juanicipio Project is currently toll milling its mineralized development material at two nearby facilities, while its plant which has been constructed is awaiting connection to the Mexican power grid so as to start the commissioning process. The Company defers all acquisition, exploration and development costs related to the properties which are not yet in commercial production. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral 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.

Address of registered office 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

The COVID-19 pandemic has had a material impact on the global economy, the scale and duration of which remain uncertain. The Juanicipio Project operator, Fresnillo plc ("Fresnillo"), has implemented a range of safety measures and monitoring procedures, consistent with the World Health Organization and Mexican Government COVID-19 directives. However, the impact of this pandemic could include significant COVID-19 specific costs, volatility in the prices for silver and other metals, project development and mining restrictions, delays or temporary closures, travel restraints, other supply chain disruptions and workforce and contractor interruptions, including possible loss of life. Depending on the duration and extent of any further impact of COVID-19, the Company's financial performance, cash flows and financial position, could be materially impacted and could result in material impairment charges to the Company's assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These audited 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 applied in the preparation of the audited consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020, except for the amended IFRS standards as stated below:

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ("Phase II Amendments"). In August 2020, the IASB issued *Interest Rate Benchmark Reform – Phase 2*, which amends IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*. The amendments became effective January 1, 2021. The Company has adopted these Phase 2 amendments effective January 1, 2021 and determined they do not currently have significant effect on the Company's consolidated financial statements.

These audited 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 audited consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 31, 2022.

(a) Basis of consolidation

These audited 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 and controlled entities 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 subsidiary as at December 31, 2021 is Minera Los Lagartos, S.A. de C.V., a Mexican incorporated company. All intercompany balances, transactions, revenues and expenses have been eliminated upon consolidation.

These audited consolidated financial statements also include the Company's 44% interest in each of Minera Juanicipio S.A. de C.V. ("Minera Juanicipio") and Equipos Chaparral, S.A. de C.V. ("Equipos Chaparral") (*Note 6,* "*Investment in Juanicipio*"), both associates (*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 with the significant accounting policies used in their preparation to those used by the Company.

(b) Investments in Associates

The Company conducts a high percentage 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, and includes the Company's 44% interest in each of Minera Juanicipio S.A. de C.V. and Equipos Chaparral, S.A. de C.V., both Mexican incorporated companies (*Note 6,* "*Investment in Juanicipio*"). 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 investment in associates using the equity method. The Company aggregates its disclosures required under IFRS for interests in associates effectively involved in advancing the same business objective. Under the equity method, the Company's investments in associates is initially recognized at cost and subsequently increased or decreased to reflect additional contributions or withdrawals and 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 year. Distributions received from an associate are accounted for as a reduction in the carrying amount of the Company's investment.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that an investment in associate is impaired. The Company has performed an assessment for impairment indicators of its investment in associates as of December 31, 2021 and noted no impairment indicators. This assessment is generally made with reference to the timing of completing construction of the development project, future production, future silver, gold, lead and zinc prices, future capital requirements, future operating costs, exploration results achieved, and an assessment of the likely operating and estimated cash flow results to be achieved. When there is objective 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 profit or loss 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 recoverable amount and any impairment of exploration and evaluation assets, investment in associates and mine development costs; recovery of receivable balances including value added taxes; estimates of fair value of financial instruments where a quoted market price or secondary market for the instrument does not exist; estimates of mineral stockpile inventory valuations; recording revenue based on estimated metal quantities based on assay data and on a provisional price which will be trued up for price and quantity in a later period; provisions including closure and reclamation; share based payment expense; and income tax provisions. Actual results may differ from those estimated. Further details of the nature of these estimates may be found in the relevant notes to the consolidated statements.

(*d*) *Critical Judgements*

The Company makes certain critical judgments in the process of applying the Company's accounting policies. The following are those judgments that have the most significant effect on the consolidated financial statements:

Equity investments

In the normal course of operations, the Company may invest in equity investments for strategic reasons. In such circumstances, management considers whether the facts and circumstances pertaining to each investment result in the Company obtaining control, joint control or significant influence over the investee entity. In some cases, the determination of whether or not the Company has control, joint control or significant influence over the investee entities requires the application of significant management judgment to consider individually and collectively such factors as:

- The purpose and design of the investee entity.
- The ability to exercise power, through substantive rights, over the activities of the investee entity that significantly affect its returns.
- The size of the company's equity ownership and voting rights, including potential voting rights.
- The size and dispersion of other voting interests, including the existence of voting blocks.
- Other investments in or relationships with the investee entity including, but not limited to, current or possible board representation, loans and other types of financial support, material transactions with the investee entity, interchange of managerial personnel or consulting positions.
- Other relevant and pertinent factors.

If the Company determines that it controls an investee entity, it consolidates the investee entity's financial statements as further described in note 2(a). If the Company determines that it has joint control (a joint venture) or significant influence (an associate) over an investee entity, then it uses the equity method of accounting to account for its investment in that investee entity as further described in note 2(b). If, after careful consideration, it is determined that the Company neither has control, joint control nor significant influence over an investee entity, the Company accounts for the corresponding investment in equity interest as fair value through other comprehensive income investment as further described in note 2(e).

Impairment of Non-Current Assets

Non-current assets are tested for impairment at the end of each reporting period if, in management's judgement, there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) changes in quantity of the recoverable resources; (ii) changes in metal prices, capital and operating costs and interest rates; and (ii) market capitalization of the Company compared to its net assets, are evaluated by management in determining whether there are any indicators of impairment. If there are indicators, management performs an impairment test on the major assets in this category.

The Company reviews and assesses the carrying amount of exploration and evaluation assets, 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 judgment, 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) and 2(g)*).

Commercial Production

The determination of the date on which a mine enters the commercial production stage is a significant judgement as capitalization of certain costs ceases and the recording of expenses commences upon entering commercial production. In determining commercial production and when the mine and processing facility are available for use in the manner intended by management, the following factors are considered:

i) Operational commissioning of major mine and plant components is complete;
ii) Operating results are being achieved consistently for a period of time;
iii) There are indicators that these operating results will be continued; and
iv) Other factors are present, including one or more of the following: a significant portion of plant/mill capacity has been achieved; a significant portion of available funding is directed towards operating activities; a pre-determined, reasonable period of time has passed; or significant milestones for the development of the mining property have been achieved.

(e) Financial instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

(i) Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Equity instruments that are held for trading and all equity derivative instruments are classified as FVTPL. Equity derivative instruments such as warrants listed on a recognized exchange are valued at the latest available closing price. Warrants not listed on a recognized exchange, but where a secondary market exists, are valued at independent broker prices (if available) traded within that secondary market. If no secondary market exists, the warrants are valued using the Black Scholes option pricing model. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise.

(ii) Financial assets at FVTOCI

Equity instruments that are designated at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument bases) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value in other comprehensive income (loss) is not recycled to profit or loss but transferred only within equity.

(iii) Financial assets at amortized cost

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the assets' contractual cash flows are comprised solely of payments of principal and interest. The Company's accounts receivable are recorded at amortized cost as they meet the required criteria. A provision is recorded based on the expected credit losses for the financial asset and reflects changes in the expected credit losses at each reporting period (see impairment below).

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL (such as derivatives) or the Company has elected to measure at FVTPL. The Company's financial liabilities include trade and other payables and lease obligations which are classified at amortized cost.

The Company classifies financial instruments as follows:

Financial instrument	Classification
Cash and cash equivalents	FVTPL
Equity securities	FVTOCI
Accounts receivable	Amortized cost
Trade and other payables	Amortized cost
Lease obligations	Amortized cost
Loan to Minera Juanicipio S.A. de C.V.	Amortized cost

Impairment

IFRS 9 requires an 'expected credit loss' model to be applied which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

(f) Inventories

Concentrate, work in process and stockpile mineral inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition.

The cost of inventories includes:

- operating costs, which include employee costs, material costs and contractor expenses which are directly attributable to the extraction and processing of mineralized material;
- amortization of property, plant and equipment used in the extraction and processing of mineralized material; and
- related production overheads.

The assumptions used in the valuation of inventories include estimates of the amount of recoverable metal in the stockpile and an assumption of the metal prices expected to be realized when the metal is recovered. If these estimates or assumptions prove to be inaccurate, a write-down of the recorded value of concentrate, work-in process, and stockpile inventories may be required.

Net realisable value is the estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

(g) Exploration and evaluation assets

With respect to its exploration activities, the Company follows the practice of capitalizing all costs relating to the acquisition, exploration and evaluation of its mining rights. 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. At such time as commercial production commences, the capitalized costs will be depleted on a units-of-production method ("UOP"). 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; all costs incurred to obtain permits and other licenses required to conduct such activities, including legal, community, strategic and consulting fees; 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. Expenditures incurred on a prospective property prior to the Company obtaining the right to explore it, are expensed in the period in which they are incurred.

When an exploration project has entered into the advanced exploration phase and sufficient evidence of the probability of the existence of economically recoverable minerals has been obtained, pre-operative expenditures relating to mine preparation works are capitalized to mine development costs. Activities that are typically capitalized include costs incurred to build shafts, drifts, ramps and access corridors to enable ore extraction from underground.

Impairment

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 profit or 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) Property, plant and equipment and mine development costs

Property and equipment are recorded at cost less accumulated amortization and impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate equipment items (major components).

The Company early adopted Amendments to International Accounting Standard ("IAS") 16, *Property, Plant & Equipment, Proceeds Before Intended Use* in 2020. The amended standard prohibits the Company from deducting any proceeds from selling items produced from the cost of building an item of mineral interest, plant and equipment, while bringing that asset to be capable of operating in the manner intended by management. The Company adopted the accounting policy retrospectively with respect to applicable transactions occurring on or after the earliest period presented herein, being January 1, 2020. With the adoption of the amended standard, pre-commercial production sales of silver, gold, lead and zinc produced and sold, and related costs while bringing a mine into a condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards to the extent those sales occurred on or after January 1, 2020. The entity measures the cost of those items applying the measurement requirements of "IAS 2 Inventories".

Amortization is based on the depreciable amount, which is the cost of the asset, less its expected residual value.

Amortization of the 44% owned Juanicipio mine and plant is a component of the Company's share of income (loss) from its equity investment in Juanicipio, and will be amortized over tonnes processed on a UOP basis once in commercial production.

Amortization on 100% owned and controlled assets is recognized in profit or loss on a declining balance basis or straight-line basis over the estimated useful lives of each part of an item of property and equipment, based on how this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortization for exploration assets is capitalized to mineral properties in the statement of financial position.

The amortization rates for 100% owned and controlled assets are as follows:

Building	4% declining balance
Computer and office equipment	30% declining balance
Exploration camp and equipment	30% declining balance
Right-of-use asset	straight-line over the earlier of the end of the lease term or useful life of the asset

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(i) Lease

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for the period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the contract term and if the Company has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. Right-of-use assets are initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date.

Right-of-use assets are subsequently amortized on a straight-line basis from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under residual value guarantees and the exercise price of a purchase option reasonably certain to be exercised by the Company.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a modification, a change in the lease term, a change in the fixed lease payments or change in the assessment to purchase the underlying asset.

The Company presents the right-of-use asset in the property and equipment line item on the consolidated statements of financial position and the lease liability in the lease obligation line item on the consolidated statements of financial position.

(j) 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.

(k) 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 UOP 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, including as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The provision recorded by the Company as at December 31, 2021 of $409 relates to current and prior disturbances on the Deer Trail exploration property (see *Note 7*) (December 31, 2020: $409).

One of the operating companies of the Company's investment in associates, Minera Juanicipio, recorded a provision for reclamation and remediation costs of $4,050 and capitalized a corresponding asset as at December 31, 2021 (December 31, 2020: $1,450) (see *Note 6*).

(l) Functional currency and presentation currency

The functional currency of the parent, its subsidiaries, and the investment in Juanicipio is 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.

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

(m) Foreign currency transactions

Transactions incurred in currencies other than the Company'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.

(n) Revenue

The Juanicipio Project recognizes revenue for silver, gold, lead and zinc from concentrate production, net of treatment and refining charges, when it satisfies the performance obligation of transferring control of the concentrate to the customer. This generally occurs as material is received at the customer's plant, as the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the material and the customer has the risk of loss. The Juanicipio sales are based on estimated metal quantities based on assay data and on a provisional price. The receivable is marked to market through sales each period prior to final settlement. Minera Juanicipio also adjusts estimated metal quantities used in computing provisional sales using new information and assay data from the smelter as it is received (if any). A provisional payment is generally due by the 15th of the month of the month following delivery of the concentrate to the customer. Final payment is due upon final settlement of price and quantity with the customer. The principal risks associated with recognition of sales on a provisional basis include metal price fluctuations and updated quantities between the date the sale is recorded and the date of final settlement.

The Company early adopted Amendments to International Accounting Standard ("IAS") 16, *Property, Plant & Equipment, Proceeds Before Intended Use* in 2020. With the adoption of the amended standard, pre-commercial production sales of silver, gold, lead and zinc produced and sold, and related costs while bringing a mine into a condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable standards.

(o) Income (Loss) per common share

Basic income (loss) per share is based on the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share is 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, to the extent their inclusion is not anti-dilutive. For the year ended December 31, 2021, the weighted average number of shares outstanding was based on the following:

	Year ended December 31,	
	2021	2020
Basic weighted average number of shares outstanding	95,181,258	91,108,622
Effect of dilutive common share equivalents	278,257	-
	95,459,515	91,108,622

For the year ended December 31, 2021, stock options totaling 813,887, restricted and performance share units totaling 247,752 and deferred share units totaling 383,078 were excluded from the computation of diluted income (loss) per share due to vesting criteria not being met during the period.

For the year ended December 31, 2020, the Company had 1,882,225 common share equivalents consisting of: common shares issuable upon the exercise of outstanding and 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 loss per share as their effect would be anti-dilutive.

(p) Share based payments

The fair value of equity-settled share-based payment awards are estimated as of the date of the grant and recorded as share-based payment expense in profit or loss over their vesting periods, with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. Market price performance conditions are included in the fair value estimate on the grant date with no subsequent adjustment to the actual number of awards that vest. Forfeiture rates are estimated on grant date, and adjusted annually for actual forfeitures in the period. Changes to the estimated number of awards that will eventually vest are accounted for prospectively. Share based payment awards with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values.

The fair value of stock options is estimated using the Black-Scholes-Merton option valuation model. The fair value of restricted and deferred share units, is based on the fair market value of a common share equivalent on the date of grant. The fair value of performance share units awarded with market price conditions is determined using the Monte Carlo pricing model and the fair value of performance share units with non-market performance conditions is based on the fair market value of a common share equivalent on the date of grant.

(q) Changes in Accounting Standards

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective at December 31, 2021. These include:

IAS 12 *Income Taxes*. In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. The amendments are effective beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, such as leases and reclamation provisions. The Company is assessing the impact of the amendment and does not expect it to have a significant effect on the Company's consolidated financial statements.

3. CASH

The Company's cash consist of cash on hand and bank deposits.

4. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
Receivable from Minera Juanicipio (*see Note 6 & 14*)	$ 1,944	$ 658
Value added tax ("IVA" and "GST")	152	122
Other receivables	1	117
	$ 2,097	$ 897

5. INVESTMENTS

The Company holds investments as follows for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Equity securities, beginning of year	$ 11,951	$ 1,408
Disposition of equity securities at fair value	(6,371)	(3,950)
Unrealized (loss) gain for the year	(4,401)	14,493
Equity securities, end of year	$ 1,179	$ 11,951

During the year ended December 31, 2021, the Company disposed of certain equity securities held as investments. The proceeds on disposition were $6,371 (December 31, 2020: $3,950). In addition, the Company recognized a gain on disposal of $ 5,026 (net of $784 tax) (December 31, 2020: $1,137 net of $177 tax) which was transferred from other comprehensive income (loss) to deficit. During the year ended December 31, 2021, the Company recorded an unrealized loss of $ 4,401 (December 31, 2020: $14,493 unrealized gain) on its investment in equity securities designated as FVTOCI instruments. A deferred tax benefit related to this unrealized loss in the year in the amount of $597 was also recorded (December 31, 2020: $1,713 deferred tax liability) in other comprehensive income (loss).

6. INVESTMENT IN JUANICIPIO

The Company acquired a 100% interest in the Juanicipio Property effective July 16, 2003. Pursuant to an 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 of exploration on the property over four years and Peñoles purchasing $ 1,000 of common shares of the Company in two tranches for $500 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, a subsidiary of Peñoles, pursuant to a statutory merger. Minera Juanicipio is held 56% by Fresnillo and 44% by the Company. 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. On December 27, 2021, the Company and Fresnillo created Equipos Chaparral, S.A. de C.V. ("Equipos Chaparral") in the same ownership proportions (Fresnillo 56% / MAG 44%) for the purpose of holding the Juanicipio plant and mining equipment, to be leased to Minera Juanicipio. Minera Juanicipio and Equipos Chaparral are collectively referred to herein as the "Juanicipio Entities."

The Juanicipio Entities are governed by a shareholders' agreement and by corporate by-laws. All costs relating to the Juanicipio Property and the Juanicipio Entities (collectively, the "Juanicipio Project") are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in the Juanicipio Entities, and if either party does not fund pro-rata, their ownership interest will be diluted in accordance with the shareholders' agreement and by-laws.

Fresnillo is the operator of the Juanicipio Entities, and with its affiliates, beneficially owns 10.0% of the common shares of the Company as at December 31, 2021, as publicly reported.

The Company has recorded its investment in the Juanicipio Entities ("Investment in Juanicipio") using the equity method 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 the required net cash investments to establish and maintain its 44% interest in the Juanicipio Entities.

The Company's investment relating to its interest in the Juanicipio Entities is detailed as follows for the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Juanicipio Project oversight expenditures incurred 100% by MAG	$ 620	$ 568
Interest earned, advances to Minera Juanicipio (*see Note 14*) (1)	(1,316)	(567)
Cash contributions to Minera Juanicipio	73,524	63,712
Total for the year	72,828	63,713
Income from equity accounted Investment in Juanicipio (2)	15,686	2,214
Balance, beginning of year	202,570	136,643
Balance, end of year	$ 291,084	$ 202,570

(1) A portion of the Investment in Juanicipio is in the form of interest bearing shareholder loans. The interest accrued within the Juanicipio Entities was capitalized to 'Mineral interests, plant and equipment' and the interest recorded by the Company on the loan totaling $1,316 for the year ended December 31, 2021 (December 31, 2020: $567) was credited to the Investment in Juanicipio account as an eliminating related party entry (see *Note 14*).

(2) Represents the Company's 44% share of the Juanicipio Entities's net income for the year, as determined by the Company.

A summary of financial information of the Juanicipio Entities (on a 100% basis reflecting adjustments made by the Company, including adjustments for differences in accounting policies) is as follows:

Minera Juanicipio Statements of Financial Position

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 18,972	$ 51,503
Value added tax and other receivables	25,580	26,055
Concentrate sales receivable from Fresnillo	18,853	5,203
Inventory	3,234	427
Prepaids and other assets	104	-
Total current assets	66,743	83,188
Right-of-use assets	2,052	18
Mineral interests, plant and equipment	644,609	381,780
Deferred tax assets	5,254	-
Total assets	$ 718,658	$ 464,986
Payables to Peñoles and other vendors	$ 22,835	$ 3,713
Total current liabilities	22,835	3,713
Interest payable to shareholders	4,279	1,298
Lease liabilities	2,053	13
Provisions	4,070	1,450
Deferred tax liabilities	31,266	8,406
Total liabilities	64,503	14,880
Shareholders equity including shareholder advances	654,155	450,106
Total liabilities and equity	$ 718,658	$ 464,986

Minera Juanicipio Statements of Income

	Year ended December 31, 2021	2020
Sales	$ 75,393	$ 15,335
Cost of sales	(15,329)	(3,873)
Gross profit	60,064	11,462
Consulting and administrative expenses	(1,929)	(239)
Extraordinary mining duty	(337)	(76)
	57,798	11,147
Exchange losses and other	(1,363)	(623)
Income tax expense	(20,784)	(5,492)
Income for the year	$ 35,651	$ 5,032
MAG's 44% equity income	$ 15,686	$ 2,214

Minera Juanicipio Statements of Cash Flow

	Year ended December 31, 2021	2020
Operating activities		
Net income for the year	$ 35,651	$ 5,032
Items not involving cash		
Deferred income tax expense	17,606	5,118
Other	419	1,298
Change in operating assets and liabilities	1,656	(13,283)
Net cash provided from (used in) operating activities	55,332	(1,835)
Investing activities		
Capital expenditures including plant, mine development and exploration	(254,830)	(121,125)
Net cash used in investing activities	(254,830)	(121,125)
Financing activities		
Shareholder loans and other capital provided by partners	167,100	144,800
Payment of lease obligations	(412)	(21)
Net cash provided from financing activities	166,688	144,779
Effects of exchange rate changes on cash and cash equivalents	279	83
(Decrease) increase in cash and equivalents	(32,810)	21,819
Cash and cash equivalents, beginning of year	51,503	29,601
Cash and cash equivalents, end of year	$ 18,972	$ 51,503

The Juanicipio Project has not reached commercial production as of December 31, 2021 as the mine and processing facility are still in development. However, mineralized material from underground development and initial stopes was processed through Fresnillo's mills and refined and sold during the year. In the year ended December 31, 2021, the Juanicipio Entities produced and sold 2,975,524 silver ounces, 5,975 gold ounces, 1,065 tonnes of lead and 1,519 tonnes of zinc on a 100% basis. Pre-commercial production sales on a 100% basis totaled $75,393 net of related costs of $15,329 resulting in a gross profit of $60,064 during the year ended December 31, 2021.

In the year ended December 31, 2020, the Juanicipio Entities produced and sold 616 thousand silver ounces, 1,029 gold ounces, 163 tonnes of lead and 224 tonnes of zinc on a 100% basis. Pre-commercial production sales on a 100% basis totaled $15,335 net of related costs of $3,873 resulting in a gross profit of $11,462 during the year ended December 31, 2020.

Mineral interests, plant and equipment capitalized directly by the Juanicipio Entities for the year ended December 31, 2021 amounted to $262,829 (December 31, 2020: $120,757).

7. EXPLORATION AND EVALUATION ASSETS

(a) In 2017, the Company entered into an option earn-in agreement with a private group whereby the Company can earn up to a 100% interest in a prospective land claim package. As of December 31, 2021, the Company has incurred $9,930 in exploration expenditures on the property and there are no further exploration funding requirements under the earn-in agreement. To complete the earn-in, the Company must make a final cash or share payment of $150 on the fifth anniversary of the agreement, at which time the vendors will retain a 2% net smelter returns royalty ("NSR"). In May 2021, the Company elected to settle the fourth option payment of $100 in shares, and issued 5,223 shares to the vendors in settlement of the payment.

(b) In 2018, the Company entered into an option agreement with another private group, whereby the Company has the right to earn 100% ownership interest in a company which owns the Deer Trail project in Utah. The Company paid $ 150 upon signing the agreement, $150 in October 2020 and another $150 in December 2021. To earn 100% interest in the property, the Company must make remaining cash payments totaling $1,550 over the next 7 years, and fund a cumulative of $30,000 of eligible exploration expenditures by 2028. As of December 31, 2021, the Company incurred $9,509 eligible exploration expenditures on the property. As at December 31, 2021, the Company also bonded and recorded a $409 reclamation liability for the project (see *Note 2(k)*). Other than the reclamation liability, the balance of cash payments and exploration commitments are optional at the Company's discretion. Upon the Company's 100% earn-in, the vendors will retain a 2% NSR.

To December 31, 2021, the Company has incurred the following exploration and evaluation expenditures on these earn-in projects:

	Year ended December 31	
	2021	2020
Exploration and evaluation assets:		
Acquisition costs		
Option and other payments	$ 300	$ 250
Reclamation obligation	-	149
Total acquisition costs	300	399
Geochemical	228	78
Camp and site costs	319	411
Drilling	3,343	198
Geological consulting	1,968	2,216
Geophysical	215	430
Land taxes and government fees	721	787
Legal, community and other consultation costs	475	393
Travel	213	294
Total for the year	7,782	5,206
Balance, beginning of year	12,472	7,266
Balance, end of year	$ 20,254	$ 12,472

Included in exploration and evaluation assets at December 31, 2021, were liabilities for trade and other payables of $ 518 (December 31, 2020: $128) and a reclamation obligation accrued in the year of nil (December 31, 2020: $149), both non-cash investing activities.

8. PROPERTY AND EQUIPMENT

As at December 31, 2021, the Company had the following property and equipment:

Cost	Office and computer equipment	Exploration camp and equipment	Right of use asset *(see Leases below)*	Total
Balance, January 1, 2020	$ 483	$ 341	$ 550	$ 1,374
Additions	4	70	-	74
Balance, December 31, 2020	487	411	550	1,448
Additions and remeasurements	2	3	(5)	-
Balance, December 31, 2021	$ 489	$ 414	$ 545	$ 1,448

Accumulated depreciation	Office and computer equipment	Exploration camp and equipment	Right of use asset	Total
Balance, January 1, 2020	$ 449	$ 52	$ 92	$ 593
Amortization	11	59	110	180
Balance, December 31, 2020	460	111	202	773
Amortization	8	45	138	191
Balance, December 31, 2021	$ 468	$ 156	$ 340	$ 964

Carrying amounts	Office and computer equipment	Exploration camp and equipment	Right of use asset	Total
At December 31, 2020	$ 27	$ 300	$ 348	$ 675
At December 31, 2021	$ 21	$ 258	$ 205	$ 484

Lease obligation

Minimum lease payments in respect of the lease obligation and the effect of discounting are as follows:

	December 31, 2021	December 31, 2020
Undiscounted minimum lease payments		
Less than one year	$ 154	$ 153
Two to three years	314	306
Four to five years	-	160
	468	619
Effect of discounting	(83)	(143)
Present value of minimum lease payments - total lease obligation	385	476
Less: current portion	(110)	(93)
Long-term lease obligation	$ 275	$ 383

For the year ended December 31, 2021, the Company recognized $58 interest expense on the lease obligation included in 'General office expenses' (December 31, 2020: $64).

9. SHARE CAPITAL

(a) Issued and outstanding

The Company is authorized to issue an unlimited number of common shares without par value.

As at December 31, 2021, there were 97,809,441 shares outstanding (December 31, 2020: 94,813,122).

On November 29, 2021, the Company closed a bought deal financing and issued 2,691,000 common shares at $17.15 per share for gross proceeds of $46,151. The Company paid commission of $ 2,301 to the underwriters and legal and filing costs totaled an additional $608 resulting in net proceeds of $43,242.

During the year ended December 31, 2020, the Company closed a non-brokered private placement offering on April 30, 2020 and issued 4,528,302 common shares at C$13.25 for gross proceeds of C$60 million ($43,134) to Mr. Eric Sprott, through 2176423 Ontario Ltd., a corporation beneficially controlled by him. In addition, the Company completed a $50,000 at-the-market equity program ("the ATM Program") on September 8, 2020. The Company sold and issued 3,092,783 common shares under the ATM Program at an average price of $16.17 per share for gross and net proceeds of $ 50,000 and $48,625 respectively. Under the ATM Program, the Company was permitted to issue up to an aggregate of $50 million worth of common shares from treasury at prevailing market prices to the public through the NYSE American or any other marketplace on which the common shares are listed, quoted or otherwise traded in the United States. The volume and timing of distributions under the ATM Program was determined at the Company's sole discretion, subject to applicable regulatory limitations.

During the year ended December 31 2021, 75,066 stock options (December 31, 2020: 418,294) were exercised for cash proceeds of $985 (December 31, 2020: $3,337). An additional 54,274 stock options (December 31, 2020: 365,483) were exercised under a cashless exercise provision of the plan, whereby 25,089 shares (December 31, 2020: 139,273) were issued in settlement of the stock options, and the remaining 29,185 options (December 31, 2020: 226,210) were cancelled.

During the year ended December 31, 2021, 31,620 restricted share units and 8,511 performance share units (December 31, 2020: 3,334 and 17,048 respectively) were converted into shares.

During the year ended December 31, 2021, 159,810 deferred share units (December 31, 2020: 60,000) were converted into shares by former directors of the Company.

During the year ended December 31, 2021, 5,223 shares were issued in lieu of a $ 100 mineral property option payment (*Note 7(a)*) (December 31, 2020: 8,241 shares were issued in lieu of a $ 100 mineral property option payment).

(b) Stock options

The Company may enter into Incentive Stock Option Agreements with officers, employees, and consultants. On June 18, 2020, the Shareholders re-approved the Company's rolling Stock Option Plan (the "Plan"). The maximum number of common shares that may be issuable under the Plan is set at 5% of the number of issued and outstanding common shares on a non-diluted basis at any time, provided that the number of common shares issued or issuable under the combined Plan and Share Unit Plan (*Note 9(c)*) shall not exceed 5% of the issued and outstanding common shares of the Company on a non-diluted basis. Options granted under the Plan have a maximum term of 5 years. As at December 31, 2021, there were 988,727 stock options outstanding under the Plan.

Stock option grants are recommended for approval to the Board of Directors 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 in accordance with the Plan, and cannot be lower than the market value of the common shares at the date of grant.

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

	Year ended December 31, 2021	Weighted average exercise price (C$/option)	Year ended December 31, 2020	Weighted average exercise price (C$/option)
Outstanding, beginning of year	1,018,067	$ 16.07	1,229,341	$ 12.99
Granted	100,000	22.40	572,503	17.64
Exercised for cash	(75,066)	16.48	(418,294)	10.73
Exercised cashless	(54,274)	14.44	(365,483)	14.29
Outstanding, end of year	988,727	$ 16.77	1,018,067	$ 16.07

During the year ended December 31, 2021, 100,000 stock options were granted (December 31, 2020: 572,503) with a weighted average grant date fair value of $686 or $6.86 per option (December 31, 2020: $2,546 or $4.45 per option). The stock options have a five-year term to expiry, and vest 1/3 in each of 12, 24, and 36 months from the date of grant.

The Company estimated the fair value of the options using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2021	December 31, 2020
Risk-free interest rate	0.53%	0.91%
Expected volatility	58%	46%
Expected dividend yield	nil	nil
Expected life (*years*)	3	3

The expected volatility assumption was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the options.

During the year ended December 31, 2021, 129,340 stock options were exercised (December 31, 2020: 783,777) with a weighted average market share price at the date of exercise of Canadian dollars ("C$") $22.35 (December 31, 2020: C$21.79).

The following table summarizes the Company's stock options outstanding and exercisable as at December 31, 2021:

Exercise price ($C/option)	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
12.75	9,375	9,375	2.85
13.46	254,162	237,496	2.28
13.91	85,263	85,263	0.93
14.98	308,872	81,236	3.16
21.26	50,000	-	4.92
21.57	231,055	77,019	3.94
23.53	50,000	-	4.05
C$12.75 - C$23.53	988,727	490,389	3.05

During the year ended December 31, 2021, the Company recorded share based payment expense of $ 1,564 (December 31, 2020: $1069) relating to stock options vested to employees and consultants in the year of which $ 49 (December 31, 2020: $15) was capitalized to exploration and evaluation assets.

(c) Restricted and performance share units

On June 18, 2020, the Shareholders re-approved a share unit plan (the "Share Unit Plan") for the benefit of the Company's officers, 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 1.5% of the number of issued and outstanding common shares on a non-diluted basis, provided that the number of common shares issued or issuable under the combined Share Unit Plan and Stock Option Plan (*Note 9(b)*) shall not exceed 5% 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, and each unit entitles the participant to receive one common share of the Company subject to vesting criteria, and in the case of PSUs, performance criteria.

During the year ended December 31, 2021, no PSUs and 10,000 RSUs were granted (December 31, 2020: 146,755 and 39,063 respectively) under the Company's Share Unit Plan. The RSUs granted have a five-year term to expiry and vest in 12 months from the grant date. The RSUs had a grant date fair value of $18.44 per RSU (December 31, 2020: $11.26) as determined using the fair market value of the common shares on the date of grant. In the year ended December 31, 2021, 8,511 PSUs and 31,620 RSUs (December 31, 2020: 17,048 and 3,334 respectively) were converted and settled with an equivalent number of common shares.

As at December 31, 2021, there were 240,765 PSUs and 24,109 RSUs issued and outstanding (December 31, 2020: 249,276 and 45,729 respectively) under the Share Unit Plan, of which 6,346 PSUs and 10,776 RSUs had vested (December 31, 2020: 14,857 and nil) and are convertible into common shares of the Company. Included in the PSUs at December 31, 2021 (and at December 31, 2020), are 87,664 PSUs with vesting conditions subject to a market share price performance factor measured over a three-year performance period, resulting in a PSU vesting range from 0% or nil PSUs to 200% or 175,328 PSUs and 48,918 PSUs with vesting conditions also subject to a market share price performance factor measured over a three-year period, resulting in a PSU vesting range from 50% (24,459 PSUs) to 150% (73,377 PSUs).

The Company recognized a share-based payment expense of $ 1,533 (December 31, 2020: $1,201) relating to RSUs and PSUs vesting in the year.

(d) Deferred share units

On June 18, 2020, the Shareholders re-approved a 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 all or 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 1.0% of the number of issued and outstanding common shares on a non-diluted basis.

During the year ended December 31, 2021, 54,213 DSUs were granted under the plan (December 31, 2020: 64,757) and an additional 5,818 DSUs (December 31, 2020: 10,482) were granted to directors who elected to receive all or a portion of their annual retainer and meeting fees in the form of DSUs rather than cash. A DSU share-based payment expense of $1,208 was recognized in the year ended December 31, 2021 (December 31, 2020: $867). 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 participant's termination date. During the year ended December 31, 2021, 159,810 DSUs (December 31, 2020: 60,000) were converted and settled in common shares by former directors of the Company. As at December 31, 2021, there are 469,373 DSUs (December 31, 2020: 569,153) issued and outstanding under the DSU Plan, all of which have vested and 86,295 of which are available for settlement to directors no longer with the Company.

As at December 31, 2021, there are 1,722,974 common shares (December 31, 2020: 1,882,225) issuable under the combined share compensation arrangements referred to above (the Plan, the Share Unit Plan and the DSU Plan) representing 1.76% (December 31, 2020: 1.99%) of the issued and outstanding common shares on a non-diluted basis, and there are 4,145,592 (December 31, 2020: 3,806,562) share-based awards available for grant under these combined share compensation arrangements.

10. 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, equity reserve, accumulated other comprehensive income (loss) and deficit) and lease obligation, net of cash and investments in equity securities as follows:

	December 31, 2021	December 31, 2020
Equity	$ 367,521	$ 316,668
Lease obligation (*Note 8)*	385	476
Cash (*Note 3*)	(56,748)	(94,008)
Investments (*Note 5*)	(1,179)	(11,951)

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 and/or 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 budgets and any amendments thereto are approved by the Board of Directors. The Company currently does not pay out dividends.

The Company has working capital of $ 57,761 as at December 31, 2021. The Company may require additional capital in the future to meet its future project and other related expenditures (see *Notes 6, 7, and 15*). Future liquidity may depend upon the Company's ability to arrange debt or additional equity financings.

As at December 31, 2021, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements. In the fourth quarter of 2021, the Company signed a commitment letter for a fully underwritten $ 40,000 revolving credit facility subject to the completion of definitive documentation which is still being finalized.

11. FINANCIAL RISK MANAGEMENT

The Company's operations consist of the acquisition, exploration and development of projects primarily in the Americas. 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) Market risk

The Company conducts the majority of its business through its equity interest in its associates, the Juanicipio Entities (see *Note 6*). The Juanicipio Entities are exposed to commodity price risk, specifically to the prices of silver, gold, lead and zinc. The Juanicipio Entities will produce and sell concentrates containing these metals which are each subject to market price fluctuations which will affect its profitability and its ability to generate both operating and free cash flow. The Juanicipio Entities do not hedge silver and gold prices, and did not enter into any metal hedge positions during the year ended December 31, 2021 and does not have any such positions outstanding at December 31, 2021.

(b) 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 Juanicipio Entities, in which the Company has a 44% interest, are transitioning into commercial production and now have pre-production sales (see *Notes 2(h) and (6)*). The Juanicipio Entities sell and receive payment at market terms, under an offtake agreement upon delivery of its concentrates to Met-Mex Peñoles, S.A. de C.V. ("Met-Mex"), a related party to Fresnillo. Met-Mex and Fresnillo have a good history and credit rating, and the Company believes the Juanicipio Entities are not exposed to significant trade credit risk.

(ii) Cash

In order to manage credit and liquidity risk, the Company's policy is to invest only in highly rated investment grade instruments backed by Canadian commercial banks.

(iii) Mexican value added tax

As at December 31, 2021, the Company had a receivable of $153 from the Mexican government for value added tax (*Note 4*). The Juanicipio Entities, in which the Company has a 44% interest, had a receivable of $25,415 from the Mexican government for value added tax (*Note 6*) (MAG's attributable portion $11,183). Management expects the balances to be fully recoverable within both entities.

The Company's maximum exposure to credit risk is the carrying value of its cash, accounts receivable and loan receivable from the Juanicipio Entities which is classified as an Investment in Juanicipio in the consolidated statement of financial position, as follows:

	December 31, 2021	December 31, 2020
Cash (*Note 3*)	$ 56,748	$ 94,008
Accounts receivable (*Note 4*)	2,097	897
Loan to the Juanicipio Entities (*Note 6 and Note 14*) (1)	106,036	63,712
	$ 164,881	$ 158,617

(1) The expected credit losses take into account future information of the credit worthiness of the Juanicipio Entities and are not considered significant.

(c) 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 15*). 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. Future liquidity may depend upon the Company's ability to arrange debt or additional equity financings.

(d) 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/deflation risk in Mexico.

Exposure to currency risk

As at December 31, 2021, 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:

(*in US$ equivalent*)	Mexican peso	Canadian dollar
Cash	$ 7	$ 4,080
Accounts receivable	153	61
Prepaids	21	-
Investments	-	1,179
Accounts payable	(14)	(942)
Lease obligations	-	(385)
Net assets exposure	$ 167	$ 3,993

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 before tax to the extent that the Company holds net monetary assets (liabilities) in pesos. Specifically, the Company's foreign currency exposure is comprised of peso denominated cash, prepaids 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, 2021 is 3.4 million pesos (December 31, 2020:13.9 million net pesos denominated monetary assets). A 10% appreciation in the peso against the US$ would result in a gain before tax at December 31, 2021 of $17 (December 31, 2020: $69), while a 10% depreciation in the peso relative to the US$ would result in an equivalent loss before tax.

Mexican peso relative to the US$ - Investment in Juanicipio

The Company conducts the majority of its business through its equity interest in its associates, the Juanicipio Entities (*see Note 6*). The Company accounts for this investment using the equity method, and recognizes the Company's 44% share of earnings and losses of the Juanicipio Entities. The Juanicipio Entities also have a US$ functional currency, and are exposed to the same currency risks noted above for the Company.

An appreciation/depreciation in the Mexican peso against the US$ will also result in a gain/loss before tax and deferred taxes (*Notes 6 and 16*) in the Juanicipio Entities to the extent that it holds net monetary assets (liabilities) in pesos, comprised of peso denominated cash, value added taxes receivable, net of trade and other payables. The carrying amount of the Juanicipio Entities's net peso denominated monetary assets at December 31, 2021 is 33.1 million pesos (December 31, 2020: 3.2 million pesos). A 10% appreciation in the peso against the US$ would result in a gain before tax at December 31, 2021 of $178 (December 31, 2020: $94) in the Juanicipio Entities, of which the Company would record its 44% share being $78 income from equity investment in Juanicipio (December 31, 2020: $41), while a 10% depreciation in the peso relative to the US$ would result in an equivalent loss.

In the year ended December 31, 2021, the Mexican pesos weakened against the US$ from 19.94 Pesos/US$ on December 31, 2020 to 20.52 on December 31, 2021, resulting in an exchange loss in the Juanicipio Entities of $ 1,028 (the Company's 44% share $452).

C$ relative to the US$

The Company is 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 (liabilities) in C$. The carrying amount of the Company's net Canadian denominated monetary assets at December 31, 2021 is C$5.1 million (December 31, 2020: C$19.810 million). A 10% appreciation in the C$ against the US$ would result in a gain at December 31, 2021 of $399 (December 31, 2020: $1,556) while a 10% depreciation in the C$ relative to the US$ would result in an equivalent loss.

(e) 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.

12. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

The Company's financial instruments include cash, accounts receivable, investments, trade and other payables and lease obligation. The carrying values of cash, accounts receivable, trade and other payables and lease obligation 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 Company's financial assets or liabilities as measured in accordance with the fair value hierarchy described above are:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash	$ 56,748	$ -	$ -	$ 56,748
Investments (*Note 5*)[(1)]	1,179	-	-	1,179
	$ 57,927	$ -	$ -	$ 57,927

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash	$ 94,008	$ -	$ -	$ 94,008
Investments (*Note 5*)[(1)]	11,951	-	-	11,951
	$ 105,959	$ -	$ -	$ 105,959

(1) The fair value of equity securities quoted in active markets, 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 equity 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, 2021 or during the year ended December 31, 2020.

13. SEGMENTED INFORMATION

The Company operates primarily in one operating segment, being the exploration and development of mineral properties in North America. The Company's principal asset, its 44% ownership in the Juanicipio Entities, is located in Mexico, and the Company also has other exploration properties in North America. The Company's executive and head office is located in Canada.

14. 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"). Dr. Peter Megaw, the Company's Chief Exploration Officer, is a principal of both IMDEX and Cascabel, and is remunerated by the Company through fees to IMDEX. In addition to corporate executive responsibilities with MAG, Dr. Megaw is responsible for the planning, execution and assessment of the Company's exploration programs, and he and his team developed the geologic concepts and directed the discovery and acquisition of the Juanicipio property.

During the year, the Company incurred expenses with Cascabel and IMDEX as follows:

	December 31, 2021	December 31, 2020
Fees related to Dr. Megaw:		
Exploration and marketing services	$ 436	$ 505
Travel and expenses	29	12
Other fees to Cascabel and IMDEX:		
Administration for Mexican subsidiaries	54	54
Field exploration services	167	160
	$ 686	$ 731

All transactions are incurred in the normal course of business, and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. A portion of the expenditures are incurred on the Company's behalf, and are charged to the Company on a "cost + 10%" basis. The services provided do not include drilling and assay work which are contracted out independently from Cascabel and IMDEX. Included in trade and other payables at December 31, 2021 is $22 related to these services (December 31, 2020: $78).

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The Company holds various mineral property claims in Mexico upon which full impairments have been recognized. 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 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 significant subsidiaries and controlling ownership interests are as follows:

Name	Country of Incorporation	Principal Project	MAG's effective interest 2021(%)	2020 (%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Juanicipio (44%)	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.

The Juanicipio Entities, created for the purpose of holding and operating the Juanicipio Project, are held 56% by Fresnillo plc ("Fresnillo") and 44% by the Company through Minera Los Lagartos, S.A. de C.V. Fresnillo is the operator of the Juanicipio Entities, and with its affiliates, beneficially owns 10.0% of the common shares of the Company as at December 31, 2021, as publicly reported. The Juanicipio Entities are governed by a shareholders agreement and corporate by-laws. All costs relating to the project and the Juanicipio Entities are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in the Juanicipio Entities (see *Note 6*).

As at December 31, 2021, Fresnillo and the Company have advanced $240,998 as shareholder loans (MAG's 44% share $106,035) to the Juanicipio Entities, bearing interest at LIBOR + 2%. The interest accrued within the Juanicipio Entities was capitalized to 'Mineral interests, plant and equipment' and the cumulative interest recorded by the Company on the loans totaling $1,883 has therefore been applied to the Investment in Juanicipio account reducing its balance as an eliminating related party entry (see *Note 6*).

During the year, compensation of key management personnel (including directors) was as follows:

	Year ended December 31, 2021	2020
Salaries and other short term employee benefits	$ 1,941	$ 1,726
Share-based payments (Note 9(b), (c), and (d))	2,219	1,853
	$ 4,160	$ 3,579

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.

15. COMMITMENTS AND CONTINGENCIES

The following table discloses the contractual obligations of the Company and its subsidiaries as at December 31, 2021 for committed exploration work and committed other obligations.

	Total
Committed exploration expenditures	$ -
Minera Juanicipio (1)&(2)	-
Consulting contract commitments	145
Total Obligations and Commitments	**$ 145**

(1) Although the Company makes cash advances to the Juanicipio Entities as cash called by the operator Fresnillo (based on approved budgets), they are not contractual obligations. The Company intends, however, to continue to fund its share of cash calls and avoid dilution of its ownership interest in the Juanicipio Entities.

(2) According to the operator, Fresnillo, contractual commitments including project development and for continuing operations total $36,682 and purchase orders issued for project capital and sustaining capital total $ 43,584, with respect to the Juanicipio Project on a 100% basis as at December 31, 2021 (December 31, 2020: combined contractual commitments and purchase orders issued totaled $192,173 on a 100% basis).

The Company also has discretionary commitments for property option payments and exploration expenditures as outlined above in *Note 7 Exploration and Evaluation Assets*. There is no obligation to make any of those payments or to conduct any work on its optioned properties. As the Company advances them, it evaluates exploration results and determines at its own discretion which option payments to make and which additional exploration work to undertake in order to comply with the funding requirements.

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.

16. INCOME TAXES

The income taxes recognized in profit or loss are as follows:

	December 31, 2021	December 31, 2020
Deferred tax benefit (expense)	1,567	(1,026)
Total income tax benefit (expense)	$ 1,567	$ (1,026)

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:

	December 31, 2021	December 31, 2020
Income (Loss) for the year before income taxes	$ 4,458	$ (6,071)
Statutory tax rate	27%	27%
Recovery of income taxes computed at statutory rates	(1,204)	1,639
Share based payments	(1,149)	(843)
Mexican inflationary adjustments	800	(699)
Differing effective tax rate on loss in foreign jurisdiction	(430)	(34)
Equity accounted earnings from Investment in Juanicipio	4,944	-
Withholding tax on planned foreign earnings repatriation	(792)	-
Unrecognized deferred tax assets	941	1,120
Impact of foreign exchange and other	(1,542)	(2,209)
Total income tax benefit (expense)	$ 1,567	$ (1,026)

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, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Deferred income tax assets		
Exploration and evaluation assets	$ 806	$ 828
Non-capital losses	4,618	2,070
	$ 5,424	$ 2,898
Deferred income tax liablities		
Property and equipment	$ (519)	$ (219)
Investment in associate	(7,304)	(5,870)
Investments	(158)	(1,530)
	$ (7,981)	$ (7,619)
Net deferred income tax liability	$ (2,557)	$ (4,721)

The Company's movement of net deferred tax liabilities is described below:

	December 31, 2021	December 31, 2020
At January 1	$ (4,721)	$ (1,982)
Deferred income tax (expense) benefit through income statement	1,567	(1,026)
Deferred income tax (expense) benefit through OCI	597	(1,713)
At December 31	$ (2,557)	$ (4,721)

The Company has the following deductible temporary differences for which no deferred tax assets have been recognized:

	December 31, 2021	expiry dates	December 31, 2020
Non-capital losses	$ 95,341	*2022-2041*	$ 93,602
Exploration and evaluation assets	4,796	*no expiry*	7,171
Financing fees	4,912	*2042 - 2045*	3,453
Other	1,622	*no expiry*	7,490
Total	$ 106,671		$ 111,716

At December 31, 2021, the Company has non-capital loss carry forwards in Canada aggregating $ 49,322 (December 31, 2020: $49,947) which expire over the period between 2027 to 2041, available to offset future taxable income in Canada, and the Company has capital loss carry forwards in Canada of $nil (December 31, 2020: $943) which are available only to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.

At December 31, 2021, the Company has tax loss carry forwards in Mexico aggregating $ 59,552 (December 31, 2020: $49,837) which expire over the period 2022 to 2031, available to offset future taxable income in Mexico.

At December 31, 2021, the Company has $58 (December 31, 2020: $33) 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.

17. SUBSEQUENT EVENT

Subsequent to December 31, 2021, the Company entered into a Definitive Arrangement Agreement with Gatling Exploration Inc. (TSXV:GTR, OTCOB:GATGF) ("Gatling") pursuant to which the Company will acquire all of the issued and outstanding common shares of Gatling (the "Transaction") in an all-share transaction. Each Gatling shareholder will be entitled to receive 0.01702627 of a common share of the Company for each share of Gatling held, and upon completion of the Transaction, it is expected that Gatling shareholders will hold approximately 0.79% of the Company's shares on an outstanding basis. The acquisition is subject to shareholder approval at a meeting of Gatling securityholders expected to be held in May 2022. The Company and Gatling have also entered into a loan agreement pursuant to which the Company has agreed to provide Gatling with a C$3 million secured convertible bridge loan to finance Gatling's accounts payable and operating expenses.



MAG SILVER CORP.

Management's Discussion & Analysis
For the years ended December 31, 2021 and 2020

Dated: March 31, 2022

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

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TABLE OF CONTENTS

1.	INTRODUCTION	3
2.	DESCRIPTION OF BUSINESS	5
3.	HIGHLIGHTS – DECEMBER 31, 2021 & SUBSEQUENT TO THE YEAR END	8
4.	JUANICIPIO PROJECT	11
5.	DEER TRAIL PROJECT	19
6.	INVESTMENT IN JUANICIPIO	21
7.	EXPLORATION AND EVALUATION ASSETS	22
8.	SELECTED ANNUAL INFORMATION	23
9.	REVIEW OF FINANCIAL RESULTS	24
10.	SUMMARY OF QUARTERLY RESULTS	26
11.	FOURTH QUARTER	27
12.	CASH FLOWS	28
13.	FINANCIAL POSITION	29
14.	LIQUIDITY AND CAPITAL RESOURCES	30
15.	CONTRACTUAL OBLIGATIONS	32
16.	SHARE CAPITAL INFORMATION	33
17.	OTHER ITEMS	33
18.	TREND INFORMATION	34
19.	RISK AND UNCERTAINTIES	34
20.	OFF-BALANCE SHEET ARRANGEMENTS	38
21.	RELATED PARTY TRANSACTIONS	38
22.	CRITICAL ACCOUNTING ESTIMATES	40
23.	CHANGES IN ACCOUNTING STANDARDS	42
24.	CONTROLS AND PROCEDURES	42
25.	ADDITIONAL FORMATION	43
26.	SUBSEQUENT EVENT	43

1. INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") focuses on the financial condition and results of operations of MAG Silver Corp. ("MAG", "MAG Silver" or the "Company") for the years ended December 31, 2021 and 2020. It is prepared as of March 31, 2022 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021, together with the notes thereto which are available on SEDAR and EDGAR or on the Company's website at www.magsilver.com.

All dollar amounts referred to in this MD&A are expressed in thousands of United States dollars ("US$") unless otherwise stated. The functional currency of the parent, its subsidiaries and its investment in Juanicipio, is the US$.

The common shares of the Company trade on the Toronto Stock Exchange and on the NYSE American Stock Exchange both under the ticker symbol MAG. MAG Silver is a reporting issuer in each of the provinces and territories of Canada and is a reporting "foreign issuer" in the United States of America. Effective as of the 2020 fiscal year, MAG believes that it would no longer be classified as 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. This information is provided for shareholders who are U.S. taxpayers. It may not be relevant for other persons. The U.S. tax rules regarding PFICs are very complex and investors are strongly urged to consult their own tax advisor regarding the U.S. tax consequences of the PFIC rules to your investment in MAG.

Qualified Person

Unless otherwise specifically noted herein, all scientific or technical information in this MD&A, including assay results and Mineral Resource estimates, if applicable, is based upon information prepared by or under the supervision of, or has been approved by Dr. Peter Megaw, Ph.D., C.P.G., a Certified Professional Geologist who is 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 MAG Silver (see '*Related Party Transactions*' below).

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this MD&A, including any information relating to MAG's future oriented financial information are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 and applicable 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 regarding the anticipated time and capital schedule to production; anticipated electrical hook-up of the processing plant and impact on commissioning; estimated project economics, including but not limited to, plant or mill recoveries, payable metals produced, underground mining rates; production rates, payback time, capital and operating and other costs, internal rate of return ("IRR"), anticipated life of mine, and mine plan; expected upside from additional exploration; expected capital requirements and adequacy of current working capital for the next year; and other future events or developments. 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. Although MAG believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements including, but not limited to, commodities prices; changes in expected mineral production performance; unexpected increases in capital costs or cost overruns; exploitation and exploration results; continued availability of capital and financing; risks related to holding a minority investment interest in the Juanicipio Property; and general economic, market or business conditions. In addition, forward-looking statements are subject to various risks, including but not limited to operational risk; environmental risk; pandemic risks (and COVID-19); political risk; currency risk; capital cost inflation risk; construction delays; that data is incomplete or inaccurate; the limitations and assumptions within drilling, engineering and socio-economic studies relied upon in preparing the 2017 PEA (as defined herein); and market risks. The reader is referred to the Company's filings with the U.S. Securities and Exchange Commission's ("SEC") and Canadian securities regulators for disclosure regarding these and other risk factors. There is no certainty that any forward-looking statement will come to pass and investors should not place undue reliance upon forward-looking statements. MAG Silver does not undertake to provide updates to any of the forward-looking statements in this MD&A, except as required by law.

Assumptions have been made including, but not limited to, MAG'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 produced, the costs of operating, exploration and development expenditures, the impact on operations of the Mexican Tax Regime, MAG's ability to obtain adequate financing, outbreaks or threat of an outbreak of a virus or other contagions or epidemic disease will be adequately responded to locally, nationally, regionally and internationally. MAG Silver 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.

Note regarding Non-GAAP Measures

This MD&A references a technical report which presents certain financial performance measures, including all in sustaining costs ("AISC"), cash cost and total cash cost that are not recognized or standardized measures under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and therefore may not be comparable to data presented by other silver producers and other industry peers. MAG believes that these generally accepted industry measures are relevant indicators of potential operating performance. Non-GAAP financial performance measures should be considered together with other data prepared in accordance with IFRS. This MD&A contains non-GAAP financial performance measure information for a project under development incorporating estimated cost, pricing and other information that will vary over time as the project is developed and mined. It is therefore not practicable to reconcile these forward-looking non-GAAP financial performance measures to GAAP measures.

More information about the Company including its annual information form ("AIF") and recent financial reports is available on the Canadian Securities Administrator's System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the U.S. Securities and Exchange Commission's ("SEC") 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 these terms as recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), differ from the standards for such terms adopted by the SEC and therefore any Mineral Resources reported in accordance with NI 43-101 may not qualify as such under SEC rules. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into Mineral Reserves. In addition, "Inferred Mineral Resources" are Mineral Resources for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. "Inferred Mineral Resources" are based on limited information and have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration. Under Canadian rules, estimates of Inferred Mineral Resources are considered too geologically speculative to have the economic considerations applied to them to enable them to be categorized as Mineral Reserves and, accordingly, "Inferred Mineral Resources" must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed feasibility or pre-feasibility studies, or in the life of mine plans and cash flow models of developed mines. "Inferred Mineral Resources" can only be used in economic studies as provided under NI 43-101. **Investors are cautioned not to assume that part or all of an Inferred Mineral Resource exists, or is economically mineable.**

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. Although Fresnillo plc ("Fresnillo") has made statements that "Mineral Reserves" exist at Juanicipio Project, they are not "Mineral Reserves" within the meaning of NI 43-101, and as such, no reliance should exist that they will in fact become "Mineral Reserves" within with meaning of NI 43-101.

2. DESCRIPTION OF BUSINESS

MAG is an advanced stage development and exploration company focused on the acquisition, exploration and development of high-grade, high-margin, district-scale projects located in the Americas. MAG's principal asset is a 44% interest in the Juanicipio project (the "Juanicipio Project") located in Zacatecas state, Mexico, with Fresnillo plc ("Fresnillo"), the project operator, owning the remaining 56%. MAG also has the right to earn a 100% interest in the Deer Trail Carbonate Replacement-Porphyry Project in central Utah, USA.

Juanicipio Project

MAG owns 44% of Minera Juanicipio S.A. de C.V., a company incorporated under the laws of Mexico, which owns the high-grade silver Juanicipio Project located in the Fresnillo District, Zacatecas State, Mexico. Fresnillo is the project operator and holds the remaining 56% of Minera Juanicipio. On December 27, 2021 for various business reasons, the Company and Fresnillo created Equipos Chaparral, S.A. de C.V. ("Equipos Chaparral") in the same ownership proportions as Minera Juanicipio S.A. de C.V. (Fresnillo 56% / MAG 44%) for the purpose of holding the Juanicipio plant and mining equipment, to be leased to Minera Juanicipio S.A. de C.V.. As MAG has a 44% interest in each, Minera Juanicipio S.A. de C.V. and Equipos Chaparral have been collectively referred to herein as "Minera Juanicipio" for ease of reference to the operations.

As shareholders of Minera Juanicipio, Fresnillo and MAG jointly approved project mine development on April 11, 2019, and project construction commenced immediately thereafter. A 4,000 tonnes per day ("tpd") processing facility has been constructed and is planned to commence commissioning in Q2-2022 subject to the electrical tie-in to the national power grid (see '*Processing Plant Construction – Juanicipio Project*' below). Starting August 2020, mineralized development material and more recently initial stope material from the underground mine is being processed at Fresnillo's nearby processing plants, originally at a targeted average nominal rate of 16,000 tonnes per month. This processing rate increased to an average of 37,983 tonnes per month in Q4 2021 and an average of 44,963 tones in the first two months of 2022. This processing at the Fresnillo plants is expected to continue until the Juanicipio plant is commissioned later this year (see '*Underground Mine Production– Juanicipio Project*' below).

The mineralization on the Juanicipio Project consists of high-grade silver-gold-lead-zinc epithermal vein deposits. The principal vein, the Valdecañas Vein, has dilatant zones (bulges) at its east and west extremes and several en echelon vein splays and cross-veins – the term "Valdecañas Vein" is used to refer to this combined vein system. In addition, exploration continues both on the Valdecañas Vein system and on other prospective targets within the Juanicipio mining concession (see '*Juanicipio Project*' below for a detailed current project update).

Development, production and exploration of the Juanicipio Project are both being carried out by the project operator, Fresnillo, with MAG participating in all Minera Juanicipio board and technical committee meetings as well as ad-hoc meetings when required. Construction and commissioning of the processing plant is under the guidance of an Engineering, Procurement and Construction Management ("EPCM") contract entered into with an affiliate of Fresnillo. MAG's share of project costs is currently being funded by cashflow from underground mine production, by cash calls through its 44% interest in Minera Juanicipio and, to a lesser extent, incurred directly by MAG to cover expenses related to its own commissioned technical studies and analyses, as well as direct project oversight. Minera Juanicipio is governed by a shareholders' agreement and corporate by-laws, pursuant to which each shareholder is to provide funding pro-rata to its ownership interest, and if either party does not fund pro-rata, their ownership interest will be diluted in accordance with the shareholders' agreement.

In 2017, MAG commissioned AMC Mining Consultants (Canada) Ltd. to prepare a Resource Estimate and Preliminary Economic Assessment for the Juanicipio Project (collectively, the "2017 PEA"), which was completed according to the NI 43-101 *Standards of Disclosure for Mineral Projects* and announced by the Company on November 7, 2017 (see *Press Release* of said date), with the MAG Silver Juanicipio NI 43-101 Technical Report (Amended and Restated) filed on SEDAR and on EDGAR on January 19, 2018.

The 2017 PEA incorporates major overall project upgrades over prior assessments, highlighted by the delineation and provision for mining of greatly expanded Indicated and Inferred Mineral Resources discovered in the Deep Zone, as defined in the 2017 PEA. The independent estimates of the Mineral Resources of the Juanicipio Project in the 2017 PEA were compiled using exploration data available up to December 31, 2016 and do not include the results of drilling programs undertaken since then (2017-2021) designed to further expand and infill the Deep Zone and define the upper limits of the Bonanza Zone (see *Exploration – Juanicipio Project* below). The volume of the base metal-rich Deep Zone Mineral Resources identified in the 2017 PEA contributed to a significant expansion of project scope and enhancements to most aspects of the mine design. Truck haulage, shaft hoisting, and underground conveying, along with underground crushing of the mineralized rock are all projected to be utilized for delivering the mineralized material to the surface processing plant. As envisioned in the 2017 PEA, the process plant has a planned production rate of 4,000 tpd, and will include a semi-autogenous grinding ("SAG")/ball mill comminution circuit followed first by a gravity concentrator and then sequential selective flotation to produce a silver-rich lead concentrate, a zinc concentrate and a gold-rich pyrite concentrate. The plant and the associated tailings storage facilities have been built on open and flat Minera Juanicipio owned land just north of the conveyor ramp portal.

Based on the 2017 PEA, MAG views the Juanicipio Project as a robust, high-grade, high-margin underground silver project exhibiting low development risks. While the results of the 2017 PEA are promising, by definition, a Preliminary Economic Assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no certainty that Mineral Resources will ever become Mineral Reserves. There can therefore be no certainty that the results in the 2017 PEA will be realized. In addition, the 2017 PEA was commissioned independently by MAG, and not by Minera Juanicipio. Fresnillo is the project operator and the actual development plan and timeline may be materially different from the scope, design and results envisaged in the 2017 PEA (see *Juanicipio Project* and *Risks and Uncertainties* below).

Deer Trail Project

MAG executed an earn-in agreement (the "Agreement") effective December 20 th, 2018 to consolidate and acquire 100% of the historic Deer Trail mine and surrounding Alunite Ridge area in Piute County, Utah USA (the "Deer Trail Project"). The Deer Trail Project includes a mixture of patented and unpatented claims totaling approximately 5,600 Ha. The counterparties to the Agreement (the "Parties") contributed their respective Deer Trail claims and property rights to a newly formed company for a 99% interest in the company, with MAG holding the other 1% interest. MAG is the project operator and has the right to earn a 100% interest in the company and the Deer Trail Project, with the Parties retaining a 2% net smelter returns ("NSR") royalty. In order to earn in 100%, MAG must make a total of $30,000 in escalating annual expenditures ($9,509 expended to December 31, 2021) and $2,000 in royalty payments ($450 paid to December 31, 2021), both over the 10-year term of the agreement by 2028. The combined optional annual commitments do not exceed $2,500/year until after 2025, and all minimum obligatory commitments under the Agreement have been satisfied (see *Exploration and Evaluation Assets* below).

Deer Trail is a silver-rich Carbonate Replacement Deposit ("CRD") project potentially related to a Molybdenum-Copper Porphyry system or systems immediately to the west. Consolidating the property package allows MAG to apply its integrated district scale exploration model and apply new technology to the search for an entire suite of mineralization styles expected to occur on the property.

The combined property package came with decades of information generated through prior exploration programs focused on the historic Deer Trail mine itself, the inferred Porphyry centres and veins scattered throughout the property. These data include: extensive surface and underground geological maps; geochemical sampling results; logs, core and chips from over 20,000 meters of historic drilling; a districtwide airborne magnetic survey; 15 line kilometers of Audio Magneto-Telluric ("AMT") geophysics; 2.5 kilometres ("km") of U.S. Mine Safety and Health Administration ("MSHA") certified underground workings; and a mining permit. Infrastructure and access to the property are excellent. Pre-existing disturbances identified by MAG have been proactively addressed by MAG and reviewed by governmental regulators, leaving no significant environmental legacy issues.

See the '*Deer Trail Project*' below for a project exploration update on Phase I and Phase II drill programs.

Cinco de Mayo Project

A full impairment was recognized on the Cinco de Mayo property in Mexico in prior years, although the concessions are still maintained in good standing.

3. HIGHLIGHTS – DECEMBER 31, 2021 & SUBSEQUENT TO THE YEAR END

OPERATIONAL

- ✓ Significant progress was achieved during the year ended December 31, 2021 on the construction of the 4,000 tpd Juanicipio processing plant as the Juanicipio project team delivered the project for plant commissioning late in the fourth quarter of 2021.
- ✓ The plant commissioning timeline was extended, however, by approximately six months until the regulatory approval to tie into the national power grid is obtained. The plant commissioning timeline is now expected to commence in Q2 2022.
- ✓ As reported by the operator Fresnillo, the Juanicipio Project is expected to come in on budget with the processing plant expected to be ramped up to 85% to 90% of plant capacity by the end of 2022.
- ✓ A regularly updated photo gallery of construction progress at Juanicipio is available at https://magsilver.com/projects/photo-gallery/#photo-gallery.
- ✓ Campaign processing of mineralized material from development headings continues through the nearby Fresnillo plant and starting in Q4 2021 mineralized material also began to be processed at Fresnillo's Saucito plant. Saucito's flowsheet better resembles that of the Juanicipio plant and will provide further valuable metallurgical benefits as production commences at Juanicipio.
- ✓ The campaign processing rate originally targeted at 16,000 tonnes per month increased to an average of 37,983 tonnes per month in Q4 2021 and to an average of 44,963 tonnes per month for the first two months of 2022.
- ✓ Processing at the Fresnillo plants is expected to continue until the Juanicipio plant is commissioned, with Fresnillo making available any unused plant capacity at its Minera Fresnillo and Minera Saucito operations, and if possible matching commissioning and ramp up tonnages that were previously expected at Juanicipio.
- ✓ For the three months ended December 31, 2021, on a 100% basis:
    - 113,950 tonnes of mineralized material were campaign processed through the Fresnillo and Saucito plants, with 1,519,027 payable silver ounces, 3,641 payable gold ounces, 563 tonnes of lead and 800 tonnes of zinc produced and sold;
    - Average silver head grade was 542 grams per tonne ("g/t"); and
    - Pre-commercial production sales totaled $39,368 for the quarter (net of treatment and processing costs), less $7,593 in mining and transportation costs, netting $31,775 in gross profit by Minera Juanicipio in the quarter.

- ✓ For the year ended December 31, 2021, on a 100% basis:
  - 251,907 tonnes of mineralized material were campaign processed through Fresnillo's plants, with 2,974,524 payable silver ounces, 5,975 payable gold ounces, 1,065 tonnes of lead and 1,519 tonnes of zinc produced and sold;
  - Average silver head grade was 470 g/t; and
  - Pre-commercial production sales of $75,393 (net of treatment and processing costs) less $15,329 in mining and transportation costs, netting $60,064 gross profit in Minera Juanicipio for the year.

- ✓ Since commencing campaign processing of Juanicipio mineralized material from development headings in August of 2020 through February 2022, a total of 413,691 tonnes of mineralized development material have been processed through the nearby Fresnillo plant and starting in December 2021 in the Saucito plant:
  - contributing cash-flow to offset some of the initial project capital; and
  - de-risking Juanicipio's metallurgical performance, which is expected to significantly speed up project ramp-up.

- ✓ A further 89,925 tonnes of mineralized development material with a silver head grade of 529 g/t were processed in January and February 2022 through the Fresnillo and Saucito plants.

EXPLORATION

- ✓ Results of the Juanicipio 2020 exploration program were reported in the third quarter (see *Press Release dated August 5, 2021*), and the program successfully:
  - Confirms, and allows modeling with greater detail and confidence of the high-grade silver resource within the upper parts of the Valdecañas Bonanza Zone (as defined in the 2017 PEA) where the first several years of mining is expected to occur;
  - Confirms, expands, and allows improved modeling of the continuous wide mineralization of the Valdecañas Deep Zone (as defined in the 2017 PEA); and
  - Confirms, expands, and allows improved modeling of the ever-growing Anticipada Vein.

- ✓ The Juanicipio 2021 exploration program was completed in Q4 2021 with $6,296 spent on a 100% basis and was focused on continued step-out and infill drilling of the Valdecañas Vein System (including independent targeting of the Venadas Vein family and the Anticipada Vein).

- ✓ The Juanicipio 2022 exploration program is currently in process, with five drill rigs presently on surface running concurrently with continued underground definition and geotechnical drilling, and one rig testing the new Cesantoni target in the northwest part of the Juanicipio concession.

- ✓ Deer Trail Project in Utah:
  - Assays were released in Q3 2021 for the Phase I drill program (see *Press Release dated September 7, 2021*), which successfully fulfilled all three of its planned objectives by:
    - Confirming the presence of a thick section of more favorable carbonate host rocks (the predicted "Redwall Limestone" or "Redwall") below the Deer Trail mine;
    - Confirming and projecting two suspected mineralization feeder structures to depth; and
    - Intercepting high-grade mineralization related to those structures in host rocks below what was historically known.
  - A follow up 5 hole/5,000 metre Phase II drill program commenced in Q3 2021 and is in process with all assays pending.

- ✓ Subsequent to the year end, the Company entered into a Definitive Arrangement Agreement with Gatling Exploration Inc. (TSXV:GTR, OTCOB:GATGF) ("Gatling") pursuant to which the Company will acquire all of the issued and outstanding common shares of Gatling in an all-share transaction. The Company and Gatling have also entered into a loan agreement pursuant to which the Company has agreed to provide Gatling with a C$3 million secured convertible bridge loan to finance Gatling's accounts payable and operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

- ✓ As at December 31, 2021, MAG held cash of $56,748 while Minera Juanicipio had cash on hand of $18,972 on a 100% basis.
- ✓ According to the operator Fresnillo, the Juanicipio Project construction is expected to be delivered on budget of $440,000.
- ✓ With the current ramp up of underground mine production and given hiring restrictions on contractors arising from new 2021 labour reform legislation, the timing of various sustaining capital expenditures has been brought forward:
  - These sustaining capital costs are included in current Juanicipio development costs but are not considered by the operator as part of the $440,000 initial project capital; and
  - The costs incurred are expected to reduce future sustaining capital costs and totaled approximately $41,388 on a 100% basis in the second half of 2021 in preparation for the legislation to come into effect.
- ✓ The expected cash flow from the ongoing campaign processing until the Juanicipio plant is commissioned, along with the cash held by Minera Juanicipio at December 31, 2021 of $18,972, are projected to substantially fund the remaining capital expenditures in the $440,000 initial capex (a cash call has not been needed since mid-December 2021 which was $21,000 on a 100% basis).
- ✓ Should there be additional funding requirements in excess of the cashflow generated, related to further commissioning delays or to additional sustaining capital that is being brought forward prior to attaining commercial production, there may still be further cash calls required from Fresnillo and MAG.
- ✓ In Q4 2021, MAG closed a bought deal share offering and issued 2,691,000 common shares, including 15,700 common shares issued to an officer and two directors of MAG and 351,000 common shares issued upon the full exercise of the over-allotment option, at $17.15 per share for gross proceeds of $46,151. The Company paid commission of $2,301 to the underwriters and legal and filing costs totaled an additional $608 resulting in net proceeds of $43,242.

COVID-19

- ✓ Fresnillo, the Juanicipio operator implemented a range of safety measures and monitoring procedures, consistent with World Health Organization and Mexican Government COVID-19 directives.

- ✓ COVID-19 had an impact on the Juanicipio plant commissioning timeline however during the course of the year:
  - In Q1 2021, Fresnillo, as operator, reported that commissioning was pushed out a few months to Q4 2021 as some infrastructure contracts were delayed related to COVID-19; and,
  - In Q4 2021, approval to complete the tie-in to the national power grid was extended as noted above related to knock-on effects of the pandemic

CORPORATE

- ✓ MAG continued to refresh its board during the year with three new appointments:
  - Ms. Susan Mathieu was appointed to the board on January 13, 2021 increasing the size of the board to eight members;
  - Mr. Tim Baker was appointed to the board on March 31, 2021 replacing Mr. Richard Clark who resigned from the board to focus on other professional responsibilities; and,
  - Mr. Dale Peniuk was appointed to the board on August 3, 2021 replacing Mr. Derek White who did not stand for re-election at the Company's Annual General and Special Meeting on June 21, 2021.

- ✓ On October 16, 2021 MAG announced that Mr. W.J. (Jim) Mallory joined the Company as its Chief Sustainability Officer ("CSO") highlighting the Company's commitment to environmental, social, governance ("ESG") betterment.

- ✓ On March 28, 2022, MAG announced the appointment of Fausto Di Trapani as Chief Financial Officer ("CFO") effective May 20, 2022. Mr. Di Trapani is a finance executive with experience in the natural resources sector spanning two decades, most recently having served as the Chief Financial Officer at Galiano Gold Inc. Mr. Di Trapani replaces Mr. Larry Taddei, who, after 12 years of service with the Company, will step down from the CFO role to pursue other opportunities. Mr. Taddei will assist in the orderly transition of his duties following Mr. Di Trapani's appointment.

4. JUANICIPIO PROJECT

Total Juanicipio Project expenditures incurred and capitalized by Minera Juanicipio (on a 100% basis) for the three months and year ended December 31, 2021 amounted to approximately $89,532 and $254,830 respectively (December 31, 2020: $40,270 and $120,757 respectively). Of the total expenditures incurred in the year ended December 31, 2021, $244,255 (year ended December 31, 2020: $115,937) are development expenditures, $6,296 (year ended December 31, 2020: $4,820) are exploration expenditures, and the remaining $4,279 is capitalized shareholder loan interest (year ended December 31, 2020: $1,298). Gross profit (sales less cost of sales) from processing Juanicipio mineralized development material at the Fresnillo plants for the three months and year ended December 31, 2021 totaled $31,775 and $60,064, respectively (for the three months and year ended December 31, 2020: $3,468 and $11,462, respectively) on a 100% basis (see '*Underground Mine Production – Juanicipio Project*' below).

UNDERGROUND MINE PRODUCTION – Juanicipio Project

As of August 2020, mineralized development material from the Juanicipio Project is being campaign processed, refined and sold on commercial terms at a targeted rate through Q3 2021 of 16,000 tonnes per month at the nearby Fresnillo plant twelve km away. The processing rate increased to an average of 37,983 tonnes per month in Q4 2021 and subsequent to the year end to an average of 44,963 tonnes per month for the first two months of 2022. In December 2021 for the first time 8,725 tonnes were processed at Fresnillo's Saucito beneficiation plant (also 100% owned by Fresnillo). The Saucito plant flowsheet better resembles that of the Juanicipio plant and will provide further valuable metallurgical benefits as production commences at Juanicipio. The resulting concentrates are treated in Torreón, Coahuila, Mexico. This preproduction toll processing of Juanicipio mineralized development material plus some initial stope production is expected to continue until the Juanicipio plant is commissioned (see *Processing Plant Construction* below).

In the three months and year ended December 31, 2021, 113,950 and 251,907 tonnes of mineralized development material respectively, were processed through the Fresnillo plants, realizing commercial and operational de-risking opportunities for the Juanicipio Project. The resulting payable metals sold and processing details on a 100% basis are summarized in **Table 1** (three months ended December 31, 2021) and in **Table 2** (year ended December 31, 2021) below. The sales and treatment charges for tonnes processed in Q4 2021 were recorded on a provisional basis and will be adjusted in Q1 2022 based on final assay and pricing adjustments in accordance with the offtake contracts.

Table 1: Q4 2021 Development Material Processed at Fresnillo 's Processing Plants (100% basis)

Three Months Ended December 31, 2021 (113,950 tonnes processed)				Q4 2020
Payable Metals	**Quantity**	**Average Per Unit** (1)	**$Amount**	**$Amount**
Silver	1,519,027 ounces	$22.96 per oz	$34,877	$5,866
Gold	3,641 ounces	$1,793.67 per oz	6,531	876
Lead	563 tonnes	$1.05 per lb	1,300	80
Zinc	800 tonnes	$1.55 per lb	2,729	220
Treatment and refining charges ("TCRCs") and other processing costs			(6,069)	(1,232)
Net Sales			**39,368**	**5,810**
Mining and transportation costs			(7,593)	(2,342)
Gross Profit			**$31,775**	**$3,468**

(1) Ounces ("oz") for silver and gold and, pounds ("lb") for lead and zinc.

Table 2: Year 2021 Development Material Processed at Fresnillo 's Processing Plants (100% basis)

Year Ended December 31, 2021 (251,907 tonnes processed)				2020
Payable Metals	**Quantity**	**Average Per Unit** (1)	**$Amount**	**$Amount** (2)
Silver	2,974,524 ounces	$23.99 per oz	$71,369	$15,403
Gold	5,975 ounces	$1,791.22 per oz	10,702	1,941
Lead	1,065 tonnes	$1.02 per lb	2,387	301
Zinc	1,519 tonnes	$1.45 per lb	4,849	575
TCRCs and other processing costs			(12,768)	(2,885)
Provisional sales adjustment related to 2020 sales (3)			(1,146)	-
Net Sales			**75,393**	**15,335**
Mining and transportation costs			**(15,329)**	(3,873)
Gross Profit			**$60,064**	**$11,462**

(1) Ounces ("oz") for silver and gold and, pounds ("lb") for lead and zinc.
(2) Processing of Juanicipio mineralized development material at the Fresnillo plant commenced in August of 2020, with no prior processing.
(3) Provisional sales for 2020 were finalized in Q1 2021 resulting in negative adjustment to net sales revenue of $1,146.

The average silver head grade for the mineralized development material and initial stope material processed in the three months and year ended December 31, 2021 was 542 g/t and 470 g/t (three months and year ended December 31, 2020 was 300 g/t and 328 g/t) respectively. This increased grade reflects less diluted development material and more stoped vein material being processed.

From August 2020 to December 31, 2021, a total of 323,766 tonnes of mineralized development material have been processed at the two Fresnillo processing plants. By bringing forward the start-up of the underground mine and processing mineralized development material at the Fresnillo plants in advance of commissioning the Juanicipio plant, MAG and Fresnillo expect to secure several positive outcomes for the Juanicipio Project:

- generating cash-flow from production to offset some of the cash requirements of the initial project capital;
- de-risking the flotation process through a better understanding of the metallurgical characteristics and response of the Juanicipio mineralization;
- increased certainty around the geological block model prior to start-up of the processing plant; and
- allowing a faster and more certain ramp-up to the nameplate 4,000 tpd plant design.

PROCESSING PLANT CONSTRUCTION – Juanicipio Project

Construction plans for the 4,000 tpd processing plant commenced immediately after the formal project approval in April 2019. Development and construction of surface infrastructure facilities (interim power lines, access roads, auxiliary buildings, etc.) had already begun prior to the formal project approval. Construction activity for the year ended December 31, 2021 made good progress and included mechanical installation of the flotation cells and filters, installation of the SAG and ball mills other major components and pre-commissioning testing of key process plant systems.

In Q1 2021, Fresnillo, as operator, reported that commissioning of the Juanicipio processing plant was pushed out a few months to Q4 2021 as some infrastructure contracts were delayed due to COVID-19 and COVID-19-related preventive measures implemented at site. The Juanicipio project team did deliver the Project for plant commissioning in the fourth quarter of 2021. However, according to the operator Fresnillo, the state-owned electrical company (Comision Federal de Electricidad "CFE"), notified Fresnillo late in December 2021 that the regulatory approval to complete the tie-in to the national power grid could not yet be granted related to staffing effects related to the pandemic on the state-owned electric company, limiting its ability to oversee three key tasks: to review the existing installation; to supervise physical connection to the active power grid; and to approve required blackout prevention devices. The plant commissioning timeline has therefore been extended by approximately six months with commissioning of the Juanicipio processing plant expected to commence in Q2-2022, according to the operator Fresnillo (see *Outlook – Juanicipio Project* below).

In the interim, stoping and mineralized mine development at Juanicipio continues. In order to minimize any potential adverse economic effect of the revised commissioning timeline, Fresnillo has indicated it will make available unused plant capacity at its Minera Fresnillo and Minera Saucito operations to process mineralized material produced at Juanicipio during this period, and if possible match commissioning and ramp up tonnages that were previously expected. The effect on cashflow generation from Juanicipio therefore will also be mitigated while power connection approvals are pending.

A regularly updated photo gallery of construction progress at Juanicipio is available at https://magsilver.com/projects/photo-gallery/#photo-gallery.

UNDERGROUND DEVELOPMENT – Juanicipio Project

Access to the mine is via twin underground declines that extend to the top of mineralization in the Valdecañas Vein. From the top of mineralization, the upper footwall haulage/access drift has been driven the length of the vein and three internal spiral production ramps are being extended from the drift to depth in the footwall of the mineralized envelope (vein). The three spiral ramps are situated behind the mineralized envelope to provide access to stopes within the vein and allow a planned mining rate of 4,000 tpd. Initial cross-cuts through the vein have been made from a number of points along the footwall ramps. Most expose well-mineralized vein and this initial development indicates that the grade and width of the mineralization is in line with previous drill core-based estimates. As discussed above, the mineralized material encountered in this underground development is being processed at the nearby Fresnillo owned processing plants (see *Underground Mine Production* above).

Once in full production, mineralized material from mining of the vein will be hauled to an underground crushing station (already excavated) and crushed underground. The crushed mineralized material will be trucked to the flotation plant until the conveyor is completed in Q4 2022. When the conveyor is completed, the crushed mineralized material will be conveyed directly from the underground crushing station to the process plant area via a third ramp to the surface - the underground conveyor ramp. The conveyor ramp is approximately 90% complete and is being driven both from the surface and from the underground crushing chamber. This ramp will also provide access to the entire Valdecañas underground mining infrastructure and serve as a fresh air entry for the ventilation system. As well, the long-term mine ventilation system is nearing completion. The #1 ventilation shaft has been commissioned and is now ventilating some of the lower areas of the mine. The #2 ventilation shaft has also been completed and now in operation.

Total underground development to date is approximately 47km (29 miles), including 3.3 km (2.1 miles) completed in the three months ended December 31, 2021. Underground mine infrastructure is well advanced and development continues to focus on:

- advancing the three internal spiral footwall ramps to be used to further access the full strike length of the Valdecañas Vein System;
- making additional cross-cuts through the vein and establishing the initial mining stopes.
- finalizing construction of the underground crushing system, underground warehouse, fuel storage and pumping station;
- advancing the underground conveyor ramp to and from the planned surface processing facility from both faces; and
- integrating additional ventilation and other associated underground infrastructure.

Due to the poor rock quality on the western section of the upper Valdecañas Vein, cut and fill will be the chosen mining method for the higher levels in this section. A trial longhole stope has been in operation for the past nine months, and this will be the preferred mining method through the main central section and eastern side of Valdecañas Vein.

Labour reform legislation on subcontracting and outsourcing in Mexico was published on April 23, 2021 and came into effect on September 1, 2021 (see *Risks and Uncertainties* below). With various restrictions on hiring contractors, Fresnillo, as operator, has indicated a need to internalize a significant portion of its contractor workforce and perform much of the development work directly rather than outsourcing it to contractors, and hence invest in equipment either not previously in the project scope or not envisaged to be required until later in the mine life, to be utilized in underground operations. As well, certain underground development expenditures related to processing development material and some small items brought forward from project investments planned in the future are considered sustaining capital by Fresnillo. The costs incurred are expected to reduce future sustaining capital costs and totaled approximately $41,388 on a 100% basis in the second half of 2021 in preparation for the legislation to come into effect. These costs are included in the current Juanicipio development costs but are not considered by the operator as part of the $440,000 initial project capital.

PROJECT CAPITAL ("CAPEX") – Juanicipio Project

The Juanicipio Project initial capital or pre-operative project capital cost ("capex") on a 100% basis, as estimated from January 1, 2018, is expected to be $440,000 (see *Press Release dated February 24, 2020*), and according to the operator Fresnillo, the project construction will be delivered on budget.

With the plant ready to commence commissioning once connected to the power grid (expected in Q2 2022 – see ' *Processing Plant Construction – Juanicipio Project*' above), final construction costs are expected to wind down until final commissioning and testing commence. Meanwhile, the amount of mineralized development material being processed at the two Fresnillo plants since Q4 2021 has been significantly higher than the original targeted rate of 16,000 tonnes per month. The processing rate increased to an average of 37,983 tonnes per month in Q4 2021 and subsequent to the year end to an average of 44,963 tonnes per month for the first two months of 2022 (see '*Underground Mine Production – Juanicipio Project*' above). Mineralized material from initial stopes is now being processed as well. The cash flow from this processing, along with the cash held by Minera Juanicipio at December 31, 2021 of $18,972 and the expected cash flows from continued processing until the Juanicipio plant is commissioned are likely to fund the remaining capital expenditures in the $440,000 (a cash call has not been needed since mid-December 2021 which was $21,000 on a 100% basis). Should there be additional funding requirements in excess of the cashflow generated related to further commissioning delays (see *Risks and Uncertainties* below) or to additional sustaining capital to be funded prior to attaining commercial production, there may still be further cash calls required fund from Fresnillo and MAG (see *Liquidity and Capital Resources* below).

OUTLOOK – Juanicipio Project

Fresnillo, as operator, reports that commissioning of the Juanicipio processing plant is expected to come in on budget and the plant is expected to ramp up to 85 to 90% of the nameplate 4,000 tpd capacity by the end of 2022. In contrast, the 2017 PEA originally envisioned ramp-up to full production over 3 years after commissioning of the processing plant. An Operator Services agreement has been finalized which will become effective upon initiation of commercial production, whereby Fresnillo and its affiliates will continue to operate the mine. Until the Juanicipio processing plant is commissioned, mineralized development material and initial stope material from Juanicipio is being processed at the Fresnillo and Saucito beneficiation plants (both 100% owned by Fresnillo), with the lead (silver-rich) and zinc concentrates treated at market terms under off-take agreements with Met-Mex Peñoles, S.A. de C.V. in Torreón, Mexico.

As operator, Fresnillo will continue to engage closely with the CFE and 'El Centro Nacional de Control de Energía' ("CENACE") to do all that it can to expedite the necessary approvals and comply with requirements to complete the tie-in to the national power grid. The connection to the grid is the last step prior to feeding lower grade mineralized material through the grinding mills and mineralized material has been conveyed to the fine ore bin in preparation for processing. Although there remains some uncertainty regarding the timing for the power connection (see *Risks and Uncertainties* below), according to Fresnillo, full load commissioning of the Juanicipio processing plant is expected to commence in Q2-2022.

In order to minimize any potential adverse effect of the revised commissioning timeline, Fresnillo has indicated it will make available unused plant capacity at its Minera Fresnillo and Minera Saucito operations to process mineralized material produced at Juanicipio during this period, and if possible match commissioning and ramp up tonnages that were previously expected. In the three months ended December 31, 2021, 113,950 tonnes of development material and some initial stope material were processed at an average silver head grade of 542 g/t (see *Underground Mine Production – Juanicipio Project* above), or an average of 37,983 tonnes per month. Subsequent to the year-end in January and February 2022, a further 89,925 tonnes of Juanicipio mineralized development material were processed at the Fresnillo plant with a silver head grade of 529 g/t. The effect on cashflow generation from Juanicipio therefore will also be mitigated while the power connection approvals are pending.

According to Fresnillo, the Juanicipio development is expected to create approximately 2,750 jobs during construction and 1,720 jobs once at full production, with potential to scale-up operations in the future beyond 4,000 tpd.

EXPLORATION – Juanicipio Project

Most of the Juanicipio property remains unexplored with many untested targets still to be pursued within the property concession. Drilling in recent years has been primarily designed to both convert the Inferred Mineral Resources included in the Deep Zone into Indicated Mineral Resources, and to further trace the Deep Zone laterally and to depth.

2022 Exploration Program

The planned expenditures for the 2022 Exploration Program total $7,000 with the programs designed to expand and convert the Inferred Mineral Resources included in the Deep Zone into Indicated Mineral Resources, and to explore other parts of the Juanicipio concession. Permit applications for drilling other exploration targets on the property were submitted in 2021 or are in the process of being generated pending surface access arrangements. Meanwhile, detailed mapping and sampling of these targets is underway. All aspects of the exploration work continue to be done under strict COVID-19 protocols.

Subsequent to the year-end in mid-January, 2022, drilling began on the first hole on the "Cesantoni Kaolinite Pits"(Cesantoni) target (assay pending). Cesantoni lies in the northwestern corner of the Juanicipio concession, roughly 6 km west of the Valdecañas Vein and related underground infrastructure. Thousands of tonnes of mixed kaolinite-illite clays have been mined over the last 25 years by the Cesantoni Ceramics Company from a series of pits developed along the strong northeast-trending Cesantoni structure. This orientation is almost orthogonal to the northwest-trending veins that dominate the district, but is roughly parallel to the high-grade Venadas Vein family that cuts the NW-trending Valdecañas vein. The extent of kaolinite-illite alteration at Cesantoni is much greater than that seen elsewhere in the district and may indicate passage of very large volumes of hydrothermal fluids. The top of anticipated mineralization at Cesantoni is expected to occur at depths similar to those elsewhere in the Juanicipio concession (350 to 500 metres below the surface).

Initial planning as laid out by project operators, Fresnillo, is to drill 5 core holes totaling 6,000 metres. Drilling is being done with a highly portable rig to minimize surface disturbance. Depending on ground conditions in this new area, the drilling program should take between 5 and 7 months to complete.

2021 Exploration Program

The 2021 Juanicipio exploration program was completed with an actual spend of $6,296 on a 100% basis and was focused on continued step-out and infill drilling of the Valdecañas Vein System (including independent targeting of the Venadas Vein family and the Anticipada Vein). Drilling for the program began in January 2021 with four drill rigs and a fifth drill rig was added mid-year, with three of the drill rigs dedicated to Devico directional drilling. In total 23 targets (holes) were successfully tested with 21 being deep infill holes and two exploration holes on other parts of the Juanicipio concession, resulting in 29,421 metres drilled. The program results will be released in Q2 2022 pending receipt of all assays.

2020 Exploration Program

Assays were released for the Juanicipio 2020 drill program in Q3 2021 (see *Press Release dated August 5, 2021*). A total of 33 surface holes (27,900 m) and 77 underground definition holes (11,800 m) were completed with the primary objectives of: infilling and expanding the Valdecañas Deep Zone ("Deep Zone") to optimize its planned extraction; and underground definition drilling of the upper high-grade Valdecañas Bonanza Zone ("Bonanza Zone") where test mining has already begun and the focus for the first several years of mining lies. Many of the holes directed at the Valdecañas Vein coincidentally also cut one or more of the hangingwall Anticipada and Pre-Anticipada veins and footwall veins. Fourteen of these cut the Anticipada Vein. Owing to drillhole geometries, the Pre-Anticipada Vein was not intercepted on its east side where it appears to improve in grade and thickness. In addition to the above, 17 holes intercepted the NE-trending Venadas Vein family. Only three exploration holes were drilled outside the Valdecañas Vein System during the year: two directed at the long-suspected North Vein and a deep test of the Juanicipio Vein.

Brief summaries of results are below, with a complete set of tables by vein of the 2020 drilling results available at: https://magsilver.com/site/assets/files/5810/nr-mar3-2020-table1-sdadds.pdf along with a new 3D video displaying the entire Valdecañas Vein System, available at:

https://magsilver.com/site/assets/files/5810/SSMovieHQ2_3-Mar3-2019-sdsawe.mp4 .

The 2020 drill program successfully:

- Confirmed, and allowed modeling with greater detail and confidence of the high-grade silver resource within the upper parts of the Valdecañas Bonanza Zone where the first several years of mining will occur;
- Confirmed, expanded, and allowed improved modeling of the continuous wide mineralization of the Valdecañas Deep Zone; and,
- Confirmed, expanded, and allowed improved modeling of the ever-growing Anticipada Vein.

Valdecañas Vein Bonanza Zone: The first major focus of 2020 was a 77-hole underground definition drilling program targeting the uppermost part of the very high-grade Bonanza Zone where mining will occur for the next few years. The top of this zone was known to be irregular, and its upper limits not well defined, so tightly spaced drilling was undertaken from underground drill stations between 50 and 200m from the vein. All intercepts show the high silver and gold grades with very low base metals, typical of the top of the Valdecañas Vein. The underground drilling results in this program help define in detail the upper limits of the mineralization and continuity of grade and thickness within the vein. Additionally, the significant boost to the geochemical database for the Bonanza Zone allows more detailed grade distribution analysis and the added geotechnical data provide crucial information on ground conditions. Stope design based on the results is underway.

Valdecañas Vein Deep Zone:The second major focus of the 2020 program was continued infill and expansion drilling of the Deep Zone, with 21 holes (14 infill and 7 expansion) drilled from surface. All but one infill hole cut significant grade over width. Hole D1-6-1 reinforces the width and grade of the western dilatant zone. Hole D5-3-3, at 21m true width, was the highlight on the east side. The weakest hole (P34) went into the narrow "waist" between the two dilatant zones about 24m from a previous weak intercept. Seven holes were drilled outside the known mineralized envelope and extend it laterally and to depth on both ends of the vein. Two holes were drilled very deep on the Valdecañas Vein and cut 187 and 279 meters respectively of zinc mineralized skarn surrounding the vein. These are by far the greatest mineralized skarn thicknesses drilled to date in the district and provide additional definition of the ore-fluid upwelling zone that appears to have fed the entire Valdecañas Vein System.

Anticipada: Fourteen Valdecañas-directed holes coincidentally cut and nicely infill the parallel hangingwall Anticipada Vein. At 10.3 m true width, Hole D5-3-1 is one of the widest holes through Anticipada to date. Several of the holes cut high gold grades and most cut significant base metals, including high copper.

Venadas "North-East Trending" Vein Family: The combined surface and underground drilling program made 17 intercepts of members of the northeast-trending "Venadas Vein Family". Most of the intercepts show significant silver and gold grades with very low base metals indicating a very high level of exposure analogous to the top of the Bonanza Zone of Valdecañas.

Other Targets: Three exploration holes were drilled outside of the Valdecañas Vein System during 2020. One (101P) cut modest mineralization deep and to the west on the Juanicipio Vein, demonstrating continuity of mineralization in the structure. Two holes (P33 and P33-2) targeted the long-suspected North Vein some 400m to the north of the footwall of the Valdecañas Vein. These holes are very close to each other and both cut around 2.5m of barren "high-level looking" quartz vein at a similar elevation to the irregular top-out of the Valdecañas Vein. Deeper drilling to test this vein at elevations similar to the Bonanza Zone of the Valdecañas Vein was part of the 2021 Exploration Program.

Quality Assurance and Control: The samples (half core) 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, British Columbia, Canada for analysis. Two extra pulp samples are also prepared and are analyzed (in progress) by SGS Laboratories (Certification ISO 9001) and Inspectorate Laboratories (Certification ISO 9001) (or another recognized lab). The remaining half core is placed back into the core boxes and is stored on site with the rest of the drill hole core in a secured core storage facility. The bulk reject is subsequently sent to the Center for Investigation and Technical Development ("CIDT") of Peñoles in Torreon, Coahuila State, 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.

COVID-19 – Juanicipio Project

The Juanicipio Project operator, Fresnillo, continues to closely monitor the spread of the virus and has implemented a range of safety measures in accordance with the World Health Organization and Mexican Government guidelines. These include stringent monitoring & hygiene, temperature screening and social distancing. Testing and contact tracing have been used to identify potential cases and prevent the spread of the virus. Fresnillo maintains an open dialogue with government officials at both the Federal and local level.

As previously reported and as noted above, in Q1 2021 Fresnillo as operator announced that the commissioning timetable for the Juanicipio processing plant was deferred a few months to Q4 2021 as some infrastructure contracts were delayed due to COVID-19 related restrictions as well as preventive measures implemented at site. In addition, connecting to the national power grid impacted the commissioning schedule by knock-on effects of the pandemic on the state-owned electric company related to a lack of staffing (see *Processing Plant Construction – Juanicipio Project* above). Further impacts of this pandemic could create or include significant COVID-19 specific costs, further delays in plant commissioning, volatility in the prices for silver and other metals, further restrictions or temporary closures, additional travel restraints, supply chain disruptions and workforce interruptions, including loss of life. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's financial performance, cash flows and financial position, and could result in material changes to the costs and time for the completion of development at Juanicipio. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 outbreak. See '*Virus outbreaks may create instability in world markets and may affect the Company's Business*' in '*Risk and Uncertainties*' below.

5. DEER TRAIL PROJECT

The Deer Trail Project displays and satisfies MAG's top criteria when exploring for large CRD systems, specifically: the presence of high silver grades; location on a deep-penetrating regional-scale fault known to host other major CRD-family deposits; location at the top of a thick section of favorable host rocks; and an identifiable plumbing network of faults that localized mineralization.

MAG's exploration focus on the project is to seek the source of the historically mined high-grade silver-lead-zinc-copper-gold Deer Trail manto in the thick section of high-potential limestone host (Redwall Limestone) that regional mapping indicates lies just below the interlayered sedimentary and limestone sequence that hosts the Deer Trail mine. This involves: verifying the presence of those potentially more favorable host rocks at depth; projecting the feeder structures of the known CRD mineralization to depth into these inferred underlying limestone host rocks; and seeking large-scale silver-rich massive sulfide replacements and potentially mineralized skarn in them.

Phase I drill program (Q4 2020 - Q2 2021)

Phase I drilling commenced in November 2020 and was completed in Q2 2021 with assays and interpretations released in the third quarter of 2021 (see *Press Release September 7, 2021*). Initial targets were derived within Leapfrog Geo® by integrating vast new technical data acquired over 2019 - 2020 and the large inherited historic data set into MAG's CRD exploration model. Phase I saw the completion of three holes and 3,927 metres drilled from surface.

Phase I successfully fulfilled all three of its planned objectives by:

1) Confirming the presence of a thick section of more favorable carbonate host rocks (the predicted "Redwall Limestone" or "Redwall") below the Deer Trail mine;

2) Confirming and projecting two suspected mineralization *feeder structures* to depth; and

3) Intercepting high-grade mineralization related to those structures in host rocks below what was historically known.

Notably, all three holes bottomed within multi-phase porphyritic granitoids affected by later sericite-pyrite alteration with modest copper and silver mineralization along their upper contacts (including 0.86m grading 1.7% copper and 64 g/t silver in hole DT20-01).

The principal goal of Phase I drilling was to locate the Redwall Limestone, a thick, clean limestone unit hypothesized to be a more favorable host rock than the thinly layered Callville Formation, which hosts the deepest historically known mineralization in the mine area. The likely presence of the Redwall was indicated by regional occurrences and all three holes cut 215m - 320m of highly altered Redwall before bottoming in granitoid intrusions. All three holes cut high-grade sulphide mineralization in/near projected feeder structures within the Callville before reaching the Redwall (Table 1). DT21-02 intercepted 0.50 m (core length) of sulphides grading 426 g/t (12.4 ounces per ton ("opt") silver, 6.5 g/t (0.2 opt) gold, and 17.1% lead plus zinc within a 3.5 m breccia zone along the Red Fissure Fault; principal feeder to the historic Deer Trail manto. DT21-03 cut 1.90 m (core length) of manto-style (bedding parallel) sulphides grading 952 g/t silver (27.8 opt), 38.2 g/t (1.1 opt) gold, and 9.2% lead plus zinc close to the Wet Fault, a principal feeder to the 3400 Area manto zone. DT20-01 was designed simply to locate the Redwall at shallow depth, but before reaching the Redwall, it cut a ~20 m (core length) feeder zone in the Callville containing a 2.30 m (core length) mineralized strand that reported 1.0 g/t gold and 101 g/t silver.

Table 3 - Phase I Drilling Highlights

Hole ID	From (m)	To (m)	Core Length (m)[1]	Au (g/t)[2]	Ag (g/t)[2]	Pb (%)	Zn (%)	Cu (%)
DT20-01	**679.24**	**681.54**	**2.30**	**1.0**	**101**	**0.1**	**0.2**	**<0.1**
and	**1147.42**	**1148.28**	**0.86**	**0.0**	**64**	**0.1**	**0.1**	**1.7**
DT21-02	**1161.23**	**1161.73**	**0.50**	**6.5**	**426**	**9.2**	**7.9**	**1.8**
incl.	**1161.23**	**1161.40**	**0.17**	**13.3**	**831**	**15.7**	**13.7**	**3.3**
DT21-03	261.51	264.07	2.56	1.5	147	0.1	0.1	<0.1
and	**443.20**	**445.10**	**1.90**	**38.2**	**952**	**5.0[3]**	**4.2**	**0.3**
incl.	**444.74**	**445.10**	**0.36**	**111.5**	**2340**	**>20[3]**	**4.9**	**0.5**
and	514.45	515.49	1.04	3.0	22	0.8	1.4	<0.1
and	**746.70**	**747.12**	**0.42**	**5.2**	**270**	**4.2**	**8.1**	**1.0**
and	1043.98	1044.20	0.22	0.2	162	1.9	2.9	0.1

[1] core length as cut; true thickness indeterminate
[2] grams per tonne
[3] includes single >20% pending overlimit

Quality Assurance and Control

The samples (half core) are shipped directly in security-sealed bags to ALS-Laboratories preparation facilities in Elko, Nevada, or Tucson, Arizona, USA (Certification ISO/IEC 17025:2017). Samples shipped also included intermittent QA/QC standards and blanks. Pulp samples are subsequently shipped to ALS Global - Geochemistry Analytical Lab in North Vancouver, British Columbia, Canada for analysis. The remaining half core is placed back into the core boxes and is retained on site in a secured core storage facility.

COVID-19: Deer Trail Project

Health and safety are two of MAG's key core values and MAG has implemented strict COVID-19 protocols for the Deer Trail Project in line with guidance from governmental public health agencies. The Company established its COVID-19 response plan for Deer Trail in September 2020 with safety measures that include mandatory mask use, COVID-19 testing for contractors and employees prior to returning to site, temperature screening, employee health surveys, antibody rapid tests for team members to track exposure and social distancing. The Company continues to monitor the Utah Department of Health, Center for Disease Control and World Health Organization recommendations, updating the protocols in January 2021, April 2021 and September 2021. These updates include additional controls for positive result cases, a safe return to the workplace plan (post COVID-19) and a protocol for fully vaccinated individuals. The most recent version of the COVID response plan was updated in September 2021 and incorporates concerns with the Delta variant and a protocol for vaccine hesitant individuals. Most project employees and contractors have now been fully vaccinated.

Deer Trail Outlook

Phase II drilling commenced at the Deer Trail Project on August 20, 2021 and is in process, planned for 5,000 metres of drilling over 5 holes. Deviation/directional drilling is being used in Phase II to make the drilling more efficient and accurate. In part to facilitate the directional drilling, drilling contractors were changed in Q1 2022, with the new contractor on site and preparing to resume drilling.

Holes DT21-02 and 03 from Phase I drilling, both cut high-grade, multi-stage massive sulphide replacement mineralization in Callville Formation limestones above the Redwall Limestone (see *Phase I Drill Program* above). Notably, the silver grades in both holes are comparable to those of the historic Deer Trail massive sulfides, which suggests limited vertical zoning despite being up to 740 m deeper in the system. DT21-02 appears to have cut mineralization directly within the Red Fissure fault, while DT21-03 appears to be manto-style mineralization fed from the nearby Wet fault. Phase II drilling is targeting these mineralized structures down dip within the clean carbonates of the Redwall. The first hole of Phase 2 is an offset of hole DT21-03 designed to test the Wet fault 150 m deeper where it cuts through the Redwall. All assays pending.

Other highly prospective areas of the large property package are also being considered for further exploration and subsequent drill testing. An orientation AMT geophysical survey was undertaken on the alluvium mantled slope at the base of Deer Trail Mountain that indicates that the alluvium may be much shallower than previously believed and that drilling targets may also exist under this shallow cover. Most of this area is patented, fee-simple land, so permitting is expected to be straightforward.

6. INVESTMENT IN JUANICIPIO

Minera Juanicipio

Minera Juanicipio is the corporate entity through which MAG Silver records and holds its Investment in Juanicipio (see *Notes 2(b)* and *6* in the audited consolidated financial statements of the Company as at December 31, 2021). The Company's investment relating to its interest in Minera Juanicipio is detailed as follows for the year ended December 31, 2021:

	December 31, 2021	December 31, 2020
Juanicipio Project oversight expenditures incurred 100% by MAG	$ 620	$ 568
Interest earned on advances to Minera Juanicipio	(1,316)	(567)
Cash contributions to Minera Juanicipio	73,524	63,712
Total for the year	72,828	63,713
Income from equity accounted investment in Juanicipio	15,686	2,214
Balance, beginning of year	202,570	136,643
Balance, end of year	$ 291,084	$ 202,570

During the year ended December 31, 2021, the Company incurred Juanicipio oversight expenditures of $620 (December 31, 2020: $568) and made $73,524 in cash advances to Minera Juanicipio (December 31, 2020: $63,712).

A portion of the Investment in Juanicipio is in the form of interest-bearing shareholder loans. The interest accrued within Minera Juanicipio was capitalized to 'Mineral interests, plant and equipment' and the interest recorded by the Company on the loan totaling $1,316 for the year ended December 31, 2021 (December 31, 2020: $567) was applied to the Investment in Juanicipio account reducing its balance as an eliminating related party entry.

During the year ended December 31, 2021, MAG recorded $15,686 income from its equity accounted investment in Juanicipio (December 31, 2020: $2,214) as outlined in **Table 4** below.

Table 4: MAG's income from its equity accounted Investment in Juanicipio

	December 31, 2021	December 31, 2020
Gross profit from processing mineralized development material (see *Underground Mine Production – Juanicipio Project* above)	$60,064	$11,462
Administrative expenses	(1,929)	(239)
Extraordinary mining duty	(337)	(76)
Foreign exchange and other	(1,363)	(623)
Net income before tax	**56,435**	**10,524**
Income tax expense (*including deferred income tax)*	(20,784)	(5,492)
Net income for the period (100% basis)	**$ 35,651**	**$ 5,032**
MAG's 44% share of income from equity accounted Investment in Juanicipio	**$15,686**	**$2,214**

7. EXPLORATION AND EVALUATION ASSETS

Option Earn-in Project

In 2017, the Company entered into an option earn-in agreement with a private group whereby the Company can earn up to a 100% interest in a prospective land claim package. To December 31, 2021, the Company has incurred $9,930 in exploration expenditures on the property and there are no further exploration funding requirements under the agreement. However, to earn a 100% interest in the property package, the Company must make a remaining cash or share payment of $150 on or before the fifth annual anniversary of the agreement, at which time the vendors will retain a 2% NSR royalty. In May 2021, the Company elected to settle the fourth annual option payment of $100 in shares and issued 5,223 shares to the vendors in settlement of the payment.

Deer Trail Project

In 2018, the Company entered into an option agreement with another private group whereby MAG has the right to earn 100% ownership interest in a company which owns the Deer Trail project in Utah. MAG paid $150 upon signing the agreement, $150 in October 2020 and another $150 in December 2021. To earn 100% interest in the property, MAG must make remaining cash payments of $1,550 over the next 7 years and fund a cumulative of $30,000 of eligible exploration expenditures ($9,509 incurred to December 31, 2021) by 2028. Upon MAG's 100% earn-in, the vendors will retain a 2% NSR royalty.

Cinco de Mayo Project

A full impairment was recognized on the Cinco de Mayo property in Mexico in prior years, although the concessions are still maintained in good standing.

8. SELECTED ANNUAL INFORMATION

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 IFRS.

	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Revenues(1)	$174	$637	$2,627
Net Income (Loss)(2)	$6,025	($7,097)	($4,426)
Net Income (Loss) per Share	$0.06	($0.08)	($0.05)
Total Assets(3)	$372,372	$323,082	$218,810
Long Term Debt	Nil	Nil	Nil
Dividends(4)	Nil	Nil	Nil

Notes:

(1) The Company's only source of reported revenue during the years ended December 31, 2019, 2020 and 2021 was interest income from cash and term deposits 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. Pre-production sales earned in Juanicipio where MAG owns a 44% interest, are recognized through MAG's income from equity accounted Investment in Juanicipio (see *Investment in Juanicipio* above).

(2) The Company's normal course of business is to develop, explore and evaluate its mineral properties as appropriate. The loss variation from year to year above reflects, amongst other things, the periodic impairment of exploration and evaluation assets (a non-cash charge), and share based payment expense (a non-cash charge). The current year's net income also includes MAG's income from its equity accounted Investment in Juanicipio of $15,686 compared to $2,214 and $1,884 in 2020 and 2019 respectively.

(3) Included in 'Total Assets' at the end of 2021, the Company held $56,748 in cash, compared to $94,008 in December 31, 2020 and $72,360 at December 31, 2019. In the year ended December 31, 2021, the Company closed a bought deal financing for gross proceeds of $46,151. In the year ended December 31, 2020, the Company closed a private placement and completed an at-the-market ("ATM") program for an aggregate gross proceeds of $93,134. No financings were completed in the year ended December 31, 2019. Also included in 'Total Assets' at the end of 2021, the Company's Investment in Juanicipio totaled $291,084 compared to $202,570 and $136,643 at December 31, 2020 and 2019 respectively.

(4) The Company has not declared or paid dividends on its common shares, and has no intent on paying dividends in the immediate future, as it anticipates that all available funds will be used to finance the operations and growth of its business until positive operating cash flow is achieved from its projects.

9. REVIEW OF FINANCIAL RESULTS

Year Ended December 31, 2021 vs. Year Ended December 31, 2020

	Year ended December 31, 2021	2020
EXPENSES		
Accounting and audit	$ 517	$ 442
Amortization	146	121
Filing and transfer agent fees	274	301
General exploration and business development	102	38
General office expenses	647	473
Insurance	1,316	610
Legal	161	371
Management compensation and consulting fees	3,736	3,259
Share-based payment expense	4,256	3,122
Shareholder relations	273	298
Travel	35	58
	11,463	9,093
Interest income	174	637
Foreign exchange gain	61	171
Income from equity accounted Investment in Juanicipio	15,686	2,214
Income (loss) for the year before income tax	$ 4,458	$ (6,071)
Deferred income tax benefit (expense)	1,567	(1,026)
Income (Loss) for the year	**$ 6,025**	**$ (7,097)**

The Company's net income for the year ended December 31, 2021 amounted to $6,025 (December 31, 2020: loss of $7,097).

During the year ended December 31, 2021, general office expenses increased to $647 (December 31, 2020: $473) due to increased compliance costs related to maintaining foreign subsidiaries and increased printing and mailing costs related to the Company's Annual General and Special Meeting held June 21, 2021. Insurance expense during the year ended December 31, 2021 increased to $1,316 (December 31, 2020: $610) as insurance premiums increased significantly over the prior year.

In the year ended December 31, 2021, management compensation and consulting fees increased to $3,736 (December 31, 2020: $3,259), due to an additional director, a new Corporate Secretary and a new Chief Sustainability Officer as compared to the prior period. This increase was partially offset by a decrease in legal fees to $161 (December 31, 2020: $371) as a variety of services were done in house with the new staffing, as compared to the prior year.

Share based payment expense (a non-cash item) recorded in the year ended December 31, 2021 increased to $4,256 (December 31, 2020: $3,122) and is determined based on the fair value of equity incentives granted and vesting in the period. The increase in share based payment expense is primarily related to the initial incentive grants to three new directors and the new Officers noted above.

Other expenses incurred during the year ended December 31, 2021 were all either comparable with the prior period's expense, or the change was not significant to the overall operations during the period.

The Company recorded a foreign exchange gain of $61 (December 31, 2020: $171) in the year ended December 31, 2021 related to exchange rate changes to the Canadian dollar and Mexican peso relative to the Company's US dollar functional currency. Interest income earned by MAG on its cash decreased to $174 (December 31, 2020: $637) during the year ended December 31, 2021 primarily due to both lower cash balances held and lower interest rates available as compared to the prior year.

In the year ended December 31, 2021, MAG recorded its 44% share of income from its equity accounted Investment in Juanicipio of $15,686 (December 31, 2020: $2,214) as described above in Investment in Juanicipio.

For the year ended December 31, 2021, MAG recorded a deferred income tax benefit of $1,567 (December 31, 2020: $1,026 deferred income tax expense) primarily related to a change in the expected draw down of the deferred tax liability created by the income from its equity accounted Investment in Juanicipio.

Other Comprehensive Income (Loss):

	Year ended December 31, 2021	2020
Income (Loss) for the year	$ 6,025	$ (7,097)
OTHER COMPREHENSIVE (LOSS) INCOME:		
Items that will not be reclassified subsequently to profit or loss:		
Unrealized (loss) gain on equity securities	(4,401)	14,493
Net of deferred tax benefit (expense)	597	(1,713)
Total comprehensive income	**$ 2,221**	**$ 5,683**

In Other Comprehensive Income during the year ended December 31, 2021, MAG recorded an unrealized mark-to-market loss of $3,804 (net of $597 deferred tax benefit) (December 31, 2020: $12,780 unrealized gain net of deferred tax expense) on equity securities held.

10. SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters (as determined under IFRS (expressed in US$000's except Net Income (Loss) per Share)):

Quarter Ending	Revenue (1)	Net Income (Loss) (2)	Net Income (Loss) per Share	Diluted Net Income (Loss) per Share
December 31, 2021	$22	$8,662	$0.09	$0.09
September 30, 2021	$25	$(2,280)	$(0.02)	$(0.02)
June 30, 2021	$42	$3,305	$0.03	$0.03
March 31, 2021	$85	$(3,662)	$(0.04)	$(0.04)
December 31, 2020	$120	$6,593 (3)	$0.07	$0.07
September 30, 2020	$133	$(89)	$0.00	$0.00
June 30, 2020	$110	$1,297 (3)	$0.01	$0.01
March 31, 2020	$274	$(14,898) (3)	$(0.17)	$(0.17)

Notes:

(1) The Company's only source of revenue during the quarters listed above was interest earned on cash, cash equivalents and term deposits. The amount of interest revenue earned correlates directly to the amount of cash, cash equivalents and term deposits on hand during the period referenced and prevailing interest rates at the time. Sales within Minera Juanicipio where MAG owns a 44% interest, are recognized through MAG's income (loss) from equity accounted Investment in Juanicipio (see '*Investment in Juanicipio*' above) which is reflected above in net income (loss) as applicable.

(2) Net income (loss) by quarter is often materially affected by the timing and recognition of large non-cash expenses (specifically share-based payments, exploration and evaluation property impairments, and deferred tax changes) as discussed above when applicable in "Review of Financial Results." Net income in Q4 2021 was positively impacted by the processing of more mineralized material than in prior periods (see '*Underground Mine Production – Juanicipio Project*' above).

(3) The net loss for the quarter ended March 31, 2020 includes the deferred tax effects of a significant devaluation of the Mexican peso against the US dollar (from 18.87 pesos/US$ on December 31, 2019 to 24.29 on March 31, 2020), and the resulting devaluation of certain tax assets denominated in Mexican pesos. As the Mexican peso partially recovered during the quarters ended June 30 and December 31, 2020, a deferred tax benefit was recognized by the Company contributing to and/or resulting in net income for those quarters.

11. FOURTH QUARTER

Three months ended December 31, 2021 vs. Three months ended December 31, 2020

	3 months ended December 31, 2021	2020
EXPENSES		
Accounting and audit	$ 292	$ 272
Amortization	39	30
Filing and transfer agent fees	4	6
General exploration and business development	28	13
General office expenses	99	86
Insurance	356	163
Legal	4	11
Management compensation and consulting fees	1,784	1,729
Share-based payment expense	682	860
Shareholder relations	64	84
Travel	23	2
	3,375	3,256
Interest income	22	120
Foreign exchange gain	(53)	220
Income from equity accounted investment in Juanicipio	8,777	5,586
Income for the year before income tax	$ 5,371	$ 2,670
Deferred income tax benefit	3,291	3,923
Income for the period	**$ 8,662**	**$ 6,593**

The Company's net income for the three months ended December 31, 2021 amounted to $8,662 (December 31, 2020: $6,593 net income).

General office expenses increased to $99 (December 31, 2020: $86) and insurance expense increased to $356 (December 31, 2020: $163) in the three months ended December 31, 2021 primarily based on the same rationale as described above in the annual financial results. Other expenses incurred during the three months ended December 31, 2021 were all either comparable with the prior period's expense, or the change was not significant to the overall operations during the quarter.

Share-based payment expense (a non-cash item) recorded in the three months ended December 31, 2021 decreased to $682 (December 31, 2020: $860) as the annual equity grant was deferred to 2022.

Interest income earned by MAG on its cash decreased to $22 (December 31, 2020: $120) during the three months ended December 31, 2021 due to both lower cash balances held and lower interest rates available compared to the prior period. MAG recorded its 44% share of income from its equity accounted Investment in Juanicipio of $8,777 (December 31, 2020: $5,586) which included MAG's 44% share of income from the sale of underground mineralized development material (see '*Underground Mine Production*' and '*Investment in Juanicipio*' above) which increased from higher pre-production tonnes being processed in the three months ended December 31, 2021. MAG also recorded a deferred income tax benefit of $3,291 for the three months ended December 31, 2021 (December 31, 2020: $3,923) based on the same rational as described above in the annual financial results.

12. CASH FLOWS

The following table summarizes MAG Silver's cash flow activities for the year ended December 31, 2021:

	Year ended December 31, 2021	2020
Operating activities before working capital changes	$ (7,086)	$ (5,780)
Changes in non-cash operating working capital	364	(434)
Operating activities	(6,722)	(6,214)
Investing activities	(74,939)	(65,312)
Financing acitivities	44,136	92,429
Effects of exchange rate changes on cash	265	745
Changes in cash during the year	(37,260)	21,648
Cash, beginning of year	94,008	72,360
Cash, end of year	$ 56,748	$ 94,008

Operating Activities

During the year ended December 31, 2021, MAG used $7,086 in cash for operations before changes in non-cash working capital, compared to $5,780 in the year ended December 31, 2020. More cash was expended in operations in the current period, primarily because of increased insurance premiums and management compensation and consulting fees, and because of lower interest income earned in the period, all as described above in '*Review of Financial Results.*' MAG's non-cash operating working capital (accounts receivable, prepaid expenses less trade and other payables) in the year ended December 31, 2021 increased by $364 (December 31, 2020: decreased by $434) primarily related to timing of receipts of receivables and payments of payables. The total use of cash from operating activities in the year ended December 31, 2021 was $6,722 (December 31, 2020: $6,214).

Investing Activities

During the year ended December 31, 2021, the net cash used for investing activities amounted to $74,939 (December 31, 2020: $65,312). In the year ended December 31, 2021, the Company used cash to fund advances to Minera Juanicipio, which combined with the Company's Juanicipio expenditures on its own account, totaled $74,136 (December 31, 2020: $64,270). In addition, MAG expended $7,169 (December 31, 2020: $4,873) on its other exploration and evaluation properties (see '*Exploration and Evaluation Assets*' above) with the increase in 2021 related to drilling at the Deer Trail Project. During the year ended December 31, 2021, the Company received cash proceeds of $6,371 (December 31, 2020: $3,905) from the sale of certain equity securities originally acquired as part of its divestiture of non-core concessions in prior years.

Financing Activities

In the year ended December 31, 2021, the Company closed a bought deal share offering and issued 2,691,000 common shares at $17.15 a share for net proceeds of $43,242 (December 31, 2020: $89,164 aggregate net proceeds from two separate equity offerings).

In the year ended December 31, 2021, 75,066 stock options were exercised for cash proceeds of $985 (December 31, 2020: 418,294 stock options exercised for cash proceeds of $3,337).

In the year ended December 31, 2021, cash was used to pay a head office lease obligation of $91 (December 31, 2020: $72).

13. FINANCIAL POSITION

The following table summarizes MAG's financial position as at:

	December 31, 2021	December 31, 2020
Cash	$ 56,748	$ 94,008
Other current assets	2,623	1,406
Total current assets	59,371	95,414
Investments	1,179	11,951
Investment in Juanicipio	291,084	202,570
Exploration and evaluation assets	20,254	12,472
Property and equipment	484	675
Total assets	$ 372,372	$ 323,082
Total current liabilities	1,610	901
Total non-current liabilities	3,241	5,513
Total liabilities	4,851	6,414
Total equity	367,521	316,668
Total liabilities and equity	$ 372,372	$ 323,082

Cash totaled $56,748 as at December 31, 2021 compared to $94,008 at December 31, 2020, and the decrease primarily reflects the use of cash in ongoing operating and investing activities (see '*Cashflows*' above). Other current assets as at December 31, 2021 included accounts receivable of $2,097 (December 31, 2020: $897) and prepaid insurance and other prepaid expenses of $526 (December 31, 2020: $509). The accounts receivable is comprised primarily of a receivable from Minera Juanicipio related to interest on a portion of MAG's shareholder advances (see '*Related Party Transactions*' below).

Investments of $1,179 (December 31, 2020: $11,951) are comprised of equity securities held by MAG acquired from its divestiture of non-core concessions in prior years. The decrease in balance from year ended December 31, 2020 is a result of both a sale of some of the securities and an unrealized mark-to-market loss recorded in Other Comprehensive Income (Loss) on the securities still held by the Company.

The Investment in Juanicipio balance increased from December 31, 2020 to December 31, 2021 from $202,570 to $291,084 and reflects MAG's ongoing investment in Minera Juanicipio, its primary asset, as discussed above in '*Investing Activities*' and '*Investment in Juanicipio.*' Exploration and evaluation assets as at December 31, 2021 increased to $20,254 (December 31, 2020: $12,472) reflecting exploration expenditures incurred on the properties described above in '*Exploration and Evaluation Assets*.'

Property and equipment of $484 (December 31, 2020: $675) includes a right-of-use asset recognized under IFRS 16 and exploration camp and equipment.

Current liabilities as at December 31, 2021 amounted to $1,610 (December 31, 2020: $901) and are attributable to accrued exploration and administrative expenses and the current portion of the IFRS 16 lease obligations referred to above. Non-current liabilities as at December 31, 2021 of $3,241 (December 31, 2020: $5,513) includes the non-current portion of the lease obligation of $275 (December 31, 2020: $383), $409 for a reclamation provision (December 31, 2020: $409) and a deferred income tax liability of $2,557 (December 31, 2020: $4,721), the latter resulting from temporary differences between the valuation of various tax assets denominated in pesos rather than the Company's US$ functional currency.

14. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, MAG had working capital of $57,761 (December 31, 2020: $94,513) including cash of $56,748 (December 31, 2020: $94,008) and no long-term debt. At December 31, 2021, Minera Juanicipio had cash of $18,972 (MAG's attributable 44% share $8,348). MAG does not currently receive dividends or have cash flow from operations, and therefore the Company may require additional capital in the future to meet its future project and other related expenditures. Future liquidity may therefore depend upon the Company's ability to arrange debt or additional equity financings.

Bought Deal Financing and Revolving Credit Facility

On November 29, 2021, MAG closed a bought deal share offering and issued 2,691,000 common shares, including 15,700 common shares issued to an officer and two directors of MAG and 351,000 common shares issued upon the full exercise of the over-allotment option, at $17.15 per share for gross proceeds of $46,151. The Company paid commission of $2,301 to the underwriters and legal and filing costs totaled an additional $608 resulting in net proceeds of $43,242. The intended use of proceeds is outlined below in '*Expected Use of Proceeds and Financings*.'

In Q4 2021, the Company signed a binding commitment letter for a fully underwritten $40,000 revolving credit facility in order to give MAG additional liquidity and financial flexibility for its 44% share of the Juanicipio development and exploration costs should it be needed. MAG continues to work on the definitive documentation for the facility along with other customary conditions required to put the facility into place. Until the facility closes, there is no funding available to MAG under the terms of the commitment letter.

Funding of the Juanicipio Project Capex and other Juanicipio related expenditures

The initial capital expenditure requirements for the Juanicipio Project, as revised and announced by the Minera Juanicipio shareholders on February 24, 2020, is estimated as of January 1, 2018 to be $440,000 (100% basis) including the mine development-related costs to be incurred prior to the envisaged commencement of commercial operations. Capital costs incurred after commercial production, are assigned to sustaining capital and are projected to be paid out of operating cash-flows.

According to the operator Fresnillo, the Juanicipio Project construction will be delivered on budget of $440,000. With the plant ready to commence commissioning once connected to the power grid (expected in Q2 2022 – see '*Processing Plant Construction – Juanicipio Project*' above), final construction costs have wound down until final commissioning and testing commence. Meanwhile, the amount of mineralized development material being processed at the two Fresnillo plats since Q4 2021 has been significantly higher than the original targeted rate of 16,000 tonnes per month. The processing rate increased to an average of 37,983 tonnes per month in Q4 2021 and subsequent to the year end to an average of 44,963 tonnes per month for the first two months of 2022 (see '*Underground Mine Production – Juanicipio Project*' above). Mineralized material from initial stopes is now being processed as well. The cash flow from this processing, along with the cash held by Minera Juanicipio at December 31, 2021 of $18,972 and the expected cash flows from continued processing until the Juanicipio plant is commissioned are expected to substantially fund the remaining capital expenditures in the $440,000 initial capital estimate (a cash call has not been needed since mid-December 2021 which was $21,000 on a 100% basis). With the current ramp up of underground mine production however and given hiring restrictions on contractors arising from new 2021 labour reform legislation, the timing of various sustaining capital expenditures has been brought forward (see '*Underground development – Juanicipio Project*' above). Should there be additional funding requirements in excess of the cashflow generated related to further commissioning delays (see *Risks and Uncertainties* below) or to additional sustaining capital that is being brought forward and required to be funded prior to attaining commercial production, there may still be further cash calls required from Fresnillo and MAG.

The COVID-19 pandemic has had a material impact on the global economy, the scale and duration of which remain uncertain. As noted above in *COVID-19 – Juanicipio Project,* COVID-19 has had an impact on the Juanicipio plant commissioning timeline already. The impact of possible other consequences of COVID-19 on the development of the mine cannot be fully assessed at this time. The COVID-19 virus outbreak and possible additional work stoppages or restrictions could result in additional medical and other costs, project delays, cost overruns, and operational restart costs. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 outbreak.

In addition, capital and operating costs, production schedules and economic returns envisioned at Juanicipio are based on certain assumptions which may prove to be inaccurate (see *Risks and Uncertainties* below), and may result in additional costs, project delays, and cost overruns requiring MAG to fund its 44% share of such costs. Aside from its investment in Juanicipio, the Company maintains a corporate office and undertakes other exploration activities. The Company may therefore need to raise additional capital in the future in order to meet these funding requirements and its full share of initial capital required to develop the Juanicipio Project. Accordingly, future liquidity may depend upon the Company's ability to arrange additional debt or additional equity financings. The inability of MAG to fund its 44% share of cash calls would result in dilution of its ownership interest in Minera Juanicipio in accordance with the shareholders' agreement.

Expected Use of Proceeds and Financings

As noted above, on November 29, 2021, MAG closed a bought deal share offering and issued 2,691,000 common shares, resulting in net proceeds of $43,242. In the Company's November 23, 2021 Prospectus Supplement to a Short Form Base Shelf Prospectus, the Company provided the expected use of net proceeds with respect to the offering as follows:

Description	**$Amount**
Exploration expenditures related to the Juanicipio Project, the Deer Trail Project and other projects	$17,500
Development and sustaining capital expenditures not included in the estimated initial project capital related to the Juanicipio Project (2021-2022)	16,700
Working capital and general corporate purposes	9,000
Total Estimated Use of Proceeds in the Prospectus Supplement dated November 23, 2021	**$43,200**

As the financing closed shortly before year end on November 29, 2021 to December 31, 2021, the majority of these proceeds had yet been expended by the Company. It is expected that the use of proceeds once expended, will align with the above estimates, and the actuals will be reported in future MD&As.

15. CONTRACTUAL OBLIGATIONS

The following table discloses the contractual obligations of MAG and its subsidiaries as at December 31, 2021 for committed exploration work and other committed obligations.

	Total
Committed exploration expenditures	$ -
Minera Juanicipio (1)&(2)	-
Consulting contract commitments	145
Total Obligations and Commitments	**$ 145**

1) Although MAG Silver makes cash advances to Minera Juanicipio as cash called by the operator Fresnillo (based on approved Minera Juanicipio budgets), they are not contractual obligations. MAG intends, however, to continue to fund its share of cash calls and avoid dilution of its ownership interest in Minera Juanicipio and the Juanicipio Project.

2) According to the operator, Fresnillo, contractual commitments including project development and for continuing operations total $36,683 and purchase orders issued for project capital and sustaining capital total $43,584, with respect to the Juanicipio Project on a 100% basis as at December 31, 2021 (December 31, 2020: combined contractual commitments and purchase orders issued totaled $192,173 on a 100% basis).

The Company also has discretionary commitments for property option payments and exploration expenditures as outlined above in *Exploration and Evaluation Assets*. There is no obligation to make any of those payments or to conduct any work on its optioned properties. As the Company advances the projects, it evaluates exploration results and determines at its own discretion which option payments to make and which additional exploration work to undertake in order to comply with the earn-in requirements.

MAG 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 director and officers' liability insurance policy that could mitigate such costs if incurred.

16. SHARE CAPITAL INFORMATION

MAG Silver's authorized capital consists of an unlimited number of common shares without par value. As at March 30, 2022, the following common shares, stock options, RSUs, PSUs and DSUs were outstanding:

	Number of Shares	Exercise Price (in Canadian dollars) or Conversion Ratio	Remaining Life
Common shares	97,834,441	n/a	n/a
Stock Options	988,727	$12.75 - $23.53	0.7 to 4.7 years
Performance Share Units("PSUs") (1)	240,765	1:1	0.7 to 3.7 years
Restricted Share Units("RSUs")	24,109	1:1	2.0 to 3.8 years
Deferred Share Units ("DSUs") (2)	444,373	1:1	n/a (2)
Fully Diluted	**99,532,415**		

(1) Includes 87,664 PSU grants where vesting is subject to a market price performance factor, each measured over a three-year performance period which will result in a PSU vesting range from 0% (nil PSUs) to 200% (175,328 PSUs) and 48,918 PSU grants where vesting is also subject to market price performance factor, measured over a three-year performance period with PSU vesting target range from 50% (24,459 PSUs) to 150% (73,377 PSUs).
(2) 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 participant's termination date. As at date of filing this MD&A, there are 61,295 DSUs which are available for settlement to directors no longer with the Company.

17. OTHER ITEMS

The Company is not aware of any undisclosed liabilities or legal actions against MAG and MAG 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 efforts to regain surface access with the local ejido.

The Company is not aware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

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 the majority of 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.

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, but MAG has to date been able to recover all of its VAT paid. Minera Juanicipio also holds a VAT receivable balance, and the collections of these receivables, if not recovered on a timely basis, can be credited against VAT payable as Minera Juanicipio becomes a producing mine.

18. TREND INFORMATION

As both the price and market for silver are volatile and difficult to predict, a significant decrease in the silver price and to a lesser extent gold, zinc and lead prices, could have a material adverse impact on the Company's operations and market value.

The nature of MAG's business is demanding of capital for property acquisition costs, exploration commitments, development and holding costs. MAG Silver'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 property interests may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect. In addition, access to capital to fund exploration and development companies is at times challenging in public markets, which could limit the Company's ability to meet its objectives.

Surface rights in Mexico are often owned by local communities or "ejidos" and there has been a trend in Mexico of increasing ejido challenges to existing surface right usage agreements. The Company has already been impacted by this trend at its Cinco de Mayo Project. Any further challenge to the access to any of the properties in which MAG has an interest may have a negative impact on the Company, as the Company may incur delays and expenses in defending such challenge and, if the challenge is successful, the Company's interest in a property could be materially adversely affected.

Apart from these and the risks referenced below in " *Risks and Uncertainties*," management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

19. RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors are directed to 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 AIF dated March 31, 2022 available on SEDAR at www.sedar.com and www.sec.gov and incorporated by reference herein.

The volatile global economic environment has created market uncertainty and volatility in recent years. 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.

The Company examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk, and interest rate risk (see *Note 11* in the audited consolidated financial statements of the Company as at December 31, 2021). 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 other monetary assets and liabilities denominated in Canadian dollars and Mexican pesos. As a result, the Company is subject to foreign exchange risk on these currencies from fluctuations in foreign exchange rates.

In addition, there is increasing environmental regulation as a result of public concern over climate change. The Company may have increased costs associated with the compliance of these regulations and a failure to comply may have a material adverse impact on the Company's performance.

Juanicipio Development Decision

The actual scope, design and operating results of the Juanicipio Project may differ from the scope, design and results envisaged in the 2017 PEA. While the results of the 2017 PEA are promising, by definition a Preliminary Economic Assessment is preliminary in nature and includes Inferred Mineral Resources that are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no certainty that Mineral Resources will ever become Mineral Reserves. There can therefore be no certainty that the results in the 2017 PEA will be realized. In addition, the 2017 PEA was commissioned independently by MAG, and not by Minera Juanicipio. Fresnillo is the project operator and the actual development plan and timeline may be materially different. As a result, there are additional risks as to the extent of capital and operating costs, mineral recovery and financial viability of the project.

Commissioning of the Juanicipio Processing Plant may be adversely impacted by the timing of hook up to the national power grid

The commissioning of the Juanicipio processing plant requires regulatory approval for the power connection to the national electricity transmission grid of Mexico. As noted above (see *Processing Plant Construction – Juanicipio Project'),* the CFE notified Fresnillo late in December 2021 that the regulatory approval to complete the power tie-in could not yet be granted, and the commission timeline was revised to Q2 2022. There is no assurance that the connection will occur in Q2 2022, and further connection delays could compromise many aspects of the project's commissioning and profitability, including, but not limited to the timeline to achieving commercial production and cash flow, and the impact on capital and operating costs.

Amendments to the Federal Labour Law on Labour Subcontracting (or "outsourcing")

Labour reform legislation on subcontracting and outsourcing in Mexico was published on April, 23, 2021 (the 'Reform'). The Reform, amends several Mexican laws, including the Federal Labour Law, and seeks to, amongst other things, regulate outsourcing as follows: i) to prohibit the use of subcontracting as it has historically been used in Mexico; and, ii) to allow an exception for specialized services under regulated circumstances. This Reform legislation came into effect on September 1, 2021.

The Reform changes are not expected to have a significant impact on the viability of the Juanicipio Project, and Fresnillo, as operator, does not expect the Reform to impact the timeline to commissioning of the Juanicipio plant. However, with various restrictions on hiring contractors, Fresnillo, as operator, has indicated a need to internalize a portion of its workforce and perform much of the development work directly rather than outsourcing it to contractors, and hence invest in equipment not previously planned to be utilized in underground operations. The costs of any required additional equipment is not included in the initial project capital of $440,000 (see *Project Capital - Juanicipio Project* above) and may affect the Company's total funding requirement to get the Juanicipio Project to commercial production (see *Underground Development - Juanicipio Project* above).

The Company's capital and operating costs, production schedules and economic returns are based on certain assumptions which may prove to be inaccurate.

The Company's expected capital and operating costs, production estimates, anticipated economic returns and other projections, estimates and forecasts for its mineral properties that are included in the 2017 PEA are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, rates of inflation, underground development rates, metallurgical recoveries, that the actual material mined is amenable to mining or treatment, environmental considerations, labour volumes, permitting and other factors, any of which may prove to be inaccurate. The 2017 PEA includes estimates of future production, development plans, operating costs, capital costs and other economic and technical estimates for the Juanicipio Project. These estimates are based on a variety of factors and assumptions and there is no assurance that such production plans, costs or other estimates will be achieved. Actual production, costs and financial returns may vary significantly from the estimates depending on a variety of factors, many of which are not within the Company's control.

The Company's capital and operating costs are affected by the cost of commodities and goods such as explosives, fuel, electrical power and supplies. Significant declines in market prices for gold, silver and other metals could have an adverse effect on the Company's economic projections. Management of the Company assumes that the materials and supplies required for operations, development and commercial production will be available for purchase and that the Company will have access to the required amount of sufficiently skilled labour. As the Company relies on certain third-party suppliers and contractors, these factors can be outside its control and an increase in the costs of (due to inflation or otherwise), or a lack of availability of, commodities, goods and labour may have an adverse impact on the Company's financial condition. The Company may experience difficulty in obtaining the necessary permits for its exploration, development or operational activities, if such permits are obtained at all, and may face penalties as a result of violations of permits or other environmental laws, which may cause delays and increases to projected budgets. Any of these discrepancies from the Company's expected capital and operating costs, production schedules and economic returns could cause a material adverse effect on the Company's business, financial condition and results of operations.

The Company has in the past, and may in the future, provide estimates and projections of its future production, production costs and financial results. In addition, Fresnillo, as operator of the Juanicipio Project, has in the past, and may in the future, provide estimates and projections of future production, production costs and financial results expected from Juanicipio. Any such information provided by the Company and/or Fresnillo, is forward looking. Neither the Company's auditors nor any other independent expert or outside party compiles or examines these forward- looking statements. Accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Such estimates are made by the Company's management and technical personnel and are qualified by, and subject to the assumptions, contained or referred to in the filing, release or presentation in which they are made, including assumptions about the availability, accessibility, sufficiency and quality of mineralized material, the Company's costs of production, general economic conditions (including rates of inflation), the market prices of silver, gold and other metals, the Company's ability to sustain and increase production levels, the ability to produce and sell marketable concentrates, the sufficiency of its infrastructure, the performance of its personnel and equipment, its ability to maintain and obtain mining interests and permits, the state of the government and community relations, and its compliance with existing and future laws and regulations. Actual results and experience may differ materially from these assumptions. Failure to achieve estimates or material increases costs could have a material adverse impact on the Company's future cash flows, profitability, results of operations and financial condition. Any such production, cost, or financial results estimates speak only as of the date on which they are made, and the Company disclaims any intent or obligation to update such estimates, whether as a result of new information, future events or otherwise. Accordingly, these forward-looking statements should be considered in the context in which they are made, and undue reliance should not be placed on them.

Cyber Security

The Company's operations depend, in part, on the efficient operation and management of the Company's information technology and operational systems in a secure manner that minimizes cyber risks. A breach of the Company's systems could have a material adverse impact on the Company, its operations and reputation.

There has been an increase in cyber security incidents globally over the past several years and this trend is expected to continue and intensify as global reliance on technology continues to increase. The Company has programs and strategies in place that are designed to mitigate the risk of cyber-attacks and to allow the Company to recover from cyber security incidents as rapidly as possible should one occur. The Company monitors, assesses and works to improve the effectiveness of its technology programs and strategies, taking into account best industry practices. The Company has not experienced an information security breach in the last three years, nor has it experienced any known material losses relating to cyber-attacks or other data/information security since its inception.

The Company has policies and programs in place to manage cyber risks. Such programs focus primarily on the following:

- protecting the Company's assets from cyber-attacks and safeguarding sensitive information;
- improving cyber security protection, detection, incident response and recovery capabilities to minimize impact of adverse cyber events;
- adopting practices to reduce third-party cyber security risks;
- ongoing cyber security awareness in the workforce and the annual distribution of an information technology security policy;
- quarterly briefings by senior management of the Company to the Audit Committee on information security matters; and
- embedding security by design across the Company to proactively assess and manage cyber risk.

The above policies and programs are subject to oversight by the Company's management team and Board. The Audit Committee, which is comprised entirely of independent directors, has been tasked with assisting the Board in fulfilling its oversight responsibilities with regard to information security.

There is no assurance that the Company's policies and programs will be sufficient to eliminate the risk of cyber-attack nor to protect the Company's assets or operations.

Minera Juanicipio – Cyber Security

Fresnillo, the operator of the Juanicipio Project, has disclosed the following risks with respect to its, and its affiliates' cyber security and privacy: risks relating to (i) corruption of data; (ii) unauthorized access; (iii) breach and data theft, (iv) business disruption; (v) lack of cyber security ownership; (vi) non-compliance with regulations; (vii) health and safety incidents; and (viii) halt or loss of operations. Fresnillo has indicated that it has a security management model designed with defensive structural controls to prevent and mitigate the effects of computer risks; that its systems are regularly audited to identify any potential threats to the operations and additional systems; that it has implemented a training and awareness program; and it has made investments in IT security platforms.

There is no assurance that the Fresnillo's cyber security risk mitigation strategies will be sufficient to eliminate the risk of cyber-attack nor to protect the assets, personnel or operations of Minera Juanicipio or the Juanicipio Project. A breach of Fresnillo's systems could have a material adverse impact on the Company to the extent that such breach adversely impacts the Company's interest in Minera Juanicipio or the Juanicipio Project.

Virus outbreaks may create instability in world markets and may affect the Company 's business.

MAG's operations and the operations it has an interest in are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases, including COVID-19, and any variants thereof . The current outbreak of COVID-19 and any future emergence and spread of similar pathogens, could have an adverse impact on global economic conditions which may adversely impact the Company's operations, and the operations of the Company's suppliers, contractors and service providers and may negatively impact future fiscal periods in the event of prolonged disruptions associated with the outbreak. The Chinese market is a significant source of global demand for commodities, including silver, gold and other metals. A sustained slowdown in China's growth or demand, or a significant slowdown in other markets, in either case, that is not offset by reduced supply or increased demand from other regions could have an adverse effect on the price and/or demand for the Company's products. COVID-19 and efforts to contain it, including restrictions on travel and other advisories issued may have a significant effect on metal prices and demand in China and other markets and potentially broader impacts on the global economy.

Any COVID-19 related outbreaks or direct or indirect COVID-19 related impacts could cause increased costs or delays in the development timeline and commissioning of the Juanicipio processing plant and could have a material adverse impact on the Company. The impact of this pandemic could include significant COVID-19 specific costs, volatility in the prices for silver and other metals, further restrictions or temporary closures, additional travel restraints, other supply chain disruptions and workforce and contractor interruptions, including possible loss of life. Depending on the duration and extent of the impact of COVID-19, this could materially impact the Company's financial performance, cash flows and financial position, and could result in material impairment charges to the Company's assets. The total amount that the Company is required to finance in order to maintain its proportionate ownership in the project may increase from these and other consequences of the COVID-19 outbreak.

20. OFF-BALANCE SHEET ARRANGEMENTS

MAG Silver has no off-balance sheet arrangements.

21. 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"). Dr. Peter Megaw, the Company's Chief Exploration Officer, is a principal of both IMDEX and Cascabel, and is remunerated by the Company through fees to IMDEX. In addition to corporate executive responsibilities with MAG, Dr. Megaw is responsible for the planning, execution and assessment of the Company's exploration programs, and he and his team developed the geologic concepts and directed the discovery and acquisition of the Juanicipio property.

During the year, the Company incurred expenses with Cascabel and IMDEX as follows:

	December 31, 2021	December 31, 2020
Fees related to Dr. Megaw:		
Exploration and marketing services	$ 436	$ 505
Travel and expenses	29	12
Other fees to Cascabel and IMDEX:		
Administration for Mexican subsidiaries	54	54
Field exploration services	167	160
	$ 686	$ 731

All transactions are incurred in the normal course of business and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. A portion of the expenditures are incurred on the Company's behalf and are charged to the Company on a "cost + 10%" basis. The services provided do not include drilling and assay work which are contracted out independently from Cascabel and IMDEX. Included in trade and other payables at December 31, 2021 is $22 related to these services (December 31, 2020: $78).

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The Company holds various mineral property claims in Mexico upon which full impairments have been recognized. 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 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 significant subsidiaries and controlling ownership interests are as follows:

Name	Country of Incorporation	Principal Project	MAG's effective interest 2021(%)	2020(%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Juanicipio (44%)	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, created for the purpose of holding and operating the Juanicipio Project, is held 56% by Fresnillo and 44% by the Company through Minera Los Lagartos, S.A. de C.V. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 10.0% of the common shares of the Company as at December 31, 2021, as publicly reported. Minera Juanicipio is governed by a shareholders agreement and corporate by-laws. 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.

As at December 31, 2021, Fresnillo and the Company have advanced $240,998 as shareholder loans (MAG's 44% share $106,035) to Minera Juanicipio, bearing interest at LIBOR + 2%. The interest accrued within Minera Juanicipio was capitalized to 'Mineral interests, plant and equipment' and the cumulative interest recorded by the Company on the loan totaling $1,883 has therefore been applied to the Investment in Juanicipio account reducing its balance as an eliminating related party entry (see *Note 6* in the audited consolidated financial statements of the Company as at December 31, 2021).

During the year, compensation of key management personnel (including directors) was as follows:

	Year ended December 31,	
	2021	2020
Salaries and other short term employee benefits	$ 1,941	$ 1,726
Share-based payments	2,219	1,853
	$ 4,160	$ 3,579

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.

22. CRITICAL ACCOUNTING 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: (i) estimates of the recoverable amount and any impairment of exploration and evaluation assets, investment in associates and mine development costs; (ii) recovery of receivable balances including value added taxes; (iii) estimates of mineral stockpile inventory valuations; (iv) recording revenue based on estimated metal quantities based on assay data and on a provisional price which will be trued up for price and quantity in a later period; (v) provisions including closure and reclamation; (vi) share based payment expense; and (vii) income tax provisions. Actual results may differ from those estimated. Please refer to Note 2 of the Company's consolidated financial statements as at December 31, 2021 for a description of all of the significant accounting policies.

(i) Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties ("exploration and evaluation" assets). 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 and assesses when events or changes in circumstances indicate the carrying values of its properties may exceed their estimated net recoverable amount, and a provision is made for any impairment in value. IFRS also requires 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 does 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.

(ii) The Company and Juanicipio incur indirect taxes, including value-added tax, on purchases of goods and services at its development and exploration projects. Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets, net of provisions, and reflect the Company's best estimate of their recoverability under existing tax rules in the respective jurisdictions in which they arise. Management's assessment of recoverability considers the probable outcomes of claimed deductions and/or disputes. The provisions and balance sheet classifications made to date may be subject to change and such change may be material.

(iii) Juanicipio has mineral stockpiles that are valued at the lower of cost and net realizable value. The assumptions used in the valuation of inventories include estimates of the amount of recoverable metal in the stockpile and an assumption of the metal prices expected to be realized when the metal is recovered. If these estimates or assumptions prove to be inaccurate, Juanicipio and the Company could be required to write-down the recorded value of its stockpile, work-in process inventories and finished metal inventory, which would reduce earnings and working capital.

(iv) Sales recorded in Minera Juanicipio, which are reflected as a component in the Company's income (loss) from its equity accounted Investment in Juanicipio, are based on estimated metal quantities reflecting assay data and on provisional prices which will be trued up for actual price and quantity in a later period.

(v) Reclamation and closure costs have been estimated based on the Company's and Minera Juanicipio's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company and Minera Juanicipio recognize 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 production life of the asset.

(vi) 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 income (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, forfeiture rates, and expected lives of the options. The fair value of performance share units awarded with market price conditions is determined using a risk-neutral asset pricing model, based on certain assumptions including dividends to be paid, historical volatility of the Company's share price, a risk free interest rate, and correlated stock returns.

(vii) 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.

23. CHANGES IN ACCOUNTING STANDARDS

The accounting policies applied in the preparation of the Financial Statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020, except for the new and amended IFRS standard as stated below:

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ("***Phase II Amendments***"***)***. In August 2020, the IASB issued *Interest Rate Benchmark Reform – Phase 2*, which amends IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*. The amendments became effective January 1, 2021. The Company has adopted these Phase 2 amendments effective January 1, 2021 and determined they do not currently have significant effect on the Company's consolidated financial statements.

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective at December 31, 2021. These include:

IAS 12 *Income Taxes*. In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* , which amended IAS 12 Income Taxes. The amendments are effective beginning on or after January 1, 2023, with early adoption permitted. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, such as leases and reclamation provisions. The Company is assessing the impact of the amendment and does not expect it to have a significant effect on the Company's consolidated financial statements.

24. C ONTROLS AND PROCEDURES

Disclosure Controls and Procedures

MAG Silver maintains a set of disclosure controls and procedures designed to provide reasonable assurance 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 design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2021 through inquiry and review, as well as by drawing upon their own relevant experience. 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, 2021.

Internal Control Over Financial Reporting

MAG Silver also maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - *Certification of Disclosure in 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 IFRS. The Company retains a 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 audited consolidated financial statements and MD&A for the year ended December 31, 2021 were approved by the Board on March 31, 2022. 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 Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the design and effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on the criteria set forth in **Internal Control – Integrated Framework (2013)** issued by the Committee of Sponsoring Organizations of the Treadway Commission 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, 2021 that have materially affected, or are reasonably likely to materially affect, MAG's internal control over financial reporting.

25. ADDITIONAL INFORMATION

Additional information on the Company is 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.

26. SUBSEQUENT EVENT

Subsequent to December 31, 2021, the Company entered into a Definitive Arrangement Agreement with Gatling pursuant to which the Company will acquire all of the issued and outstanding common shares of Gatling (the "Transaction") in an all-share transaction. Each Gatling shareholder will be entitled to receive 0.01702627 of a common share of the Company for each share of Gatling held, and upon completion of the Transaction, it is expected that Gatling shareholders will hold approximately 0.79% of the Company's shares on an outstanding basis. The acquisition is subject to shareholder approval at a meeting of Gatling securityholders expected to be held in May 2022. The Company and Gatling have also entered into a loan agreement pursuant to which the Company has agreed to provide Gatling with a C$3 million secured convertible bridge loan to finance Gatling's accounts payable and operating expenses.