



MAG Silver

MAG-TSX
MAG-AMEX

Rating
Market Perform (S)

Price: Feb-28
\$19.10

Target
\$20.00

Total Rtn
5%

Highlights From the 2017 BMO Metals & Mining Conference

Bottom Line: George Paspalas, President & CEO, and Dr. Peter Megaw, Chief Exploration Officer, presented at the 2017 BMO Global Metals & Mining Conference.

Key Points

- MAG highlighted recent exploration results and the development progress at the Juanicipio JV property (44% MAG/56% Fresnillo).
- At Juanicipio, the company highlighted its latest exploration results expanding the Valdecañas Deep zone, the dilatant zone, and defining the discovered Anticipada vein. The JV expects to incorporate recent exploration results into a resource update to be released in 2017E.
- The company also outlined the implications of increased vein thicknesses and greater base metal (copper) content discovered at depth, which requires further economic valuation and analysis to determine the prudent way to unlock this future value.
- MAG reiterated that the ramp reached the uppermost contact of the Valdecañas vein last December and the development team is working to establish access to the footwall zone in 2018 for operational ramp-up to commence production by H1/2019.
- Year-end 2016 resources (Ind. & Inf.) were recorded at 248Moz silver and 1.4Moz gold and the JV is planning to complete an additional 20,000m of exploration drilling in 2017.
- At Cinco de Mayo, the company is working towards regaining surface access. Management hopes that the recently elected Governor will provide a new opportunity to open discussions.
- The company exited Q3/16 well positioned to meet the remaining \$118M in JV capex requirements with \$140M cash in cash and no debt.

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Metals & Mining

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Company Description

MAG Silver Corp. is an exploration and development company whose principal asset is a 44% interest in the high-grade Juanicipio JV in Fresnillo, Mexico. In addition, the company continues to advance other prospective exploration projects in Mexico.



MAG-TSX
Research

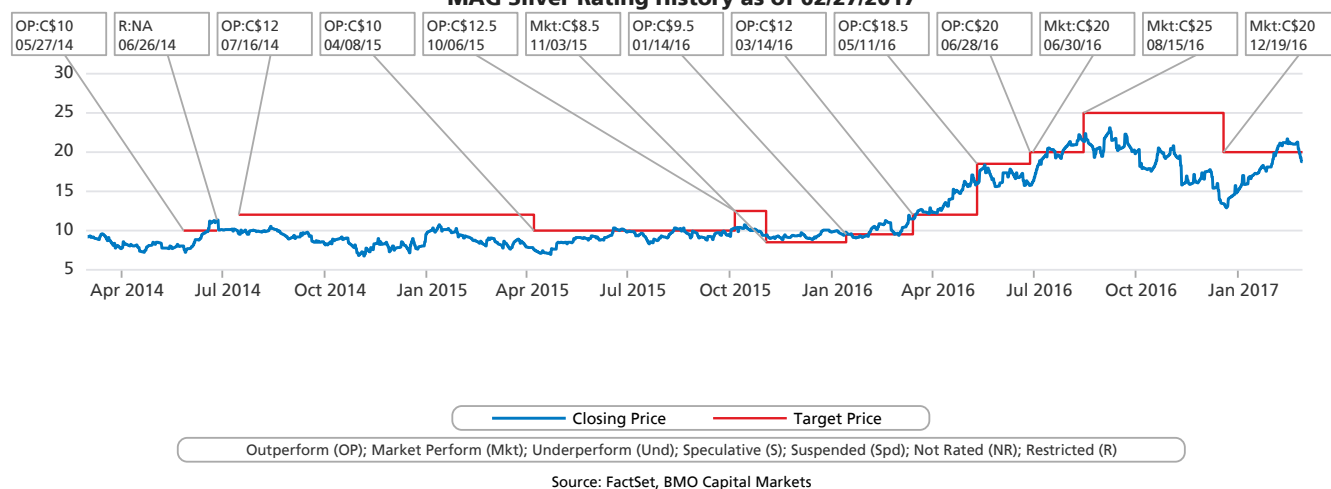


Industry
Research



Company
Models

MAG Silver Rating History as of 02/27/2017



IMPORTANT DISCLOSURES

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Methodology and Risks to Price Target/Valuation for MAG Silver (MAG-TSX)

Methodology: NAV estimates are based on the discounted value of estimated future cash flows of the company's main asset(s), plus additional value, where applicable, for non-DCF assets and net debt.

Risks: Risks to the BMO Research target price include changes in government regulations; permit receipt and/or renewals; fluctuations in metals prices; fluctuations in foreign currency exchange rates; unexpected geological conditions; pit failures; unusual mining conditions; unexpected processing problems; equipment breakdowns; unexpected metallurgical problems; shortages in skilled workforce; a lack of availability of support infrastructure; reliance on third parties.

Distribution of Ratings (February 27, 2017)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe
Buy	Outperform	42.8%	23.0%	58.6%	43.3%	56.7%	52.8%
Hold	Market Perform	53.3%	12.7%	40.4%	53.2%	41.8%	41.6%
Sell	Underperform	3.9%	4.4%	1.0%	3.3%	1.2%	5.5%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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(S) = Speculative investment;

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(April 2013 – October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 – April 2013)

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