



MAG Silver

MAG-TSX
MAG-AMEX

Rating
Outperform (S)

Price: Feb-27
\$13.18

Target
\$23.00

Total Rtn
75%

Highlights From the 2018 BMO Global Metals & Mining Conference

Bottom Line: George Paspalas, President & CEO, presented at the 2018 BMO Global Metals & Mining Conference.

Key Points

- MAG highlighted that the balance sheet is strong with a cash position of \$122M as of September 2017 plus the company raised an additional \$48M subsequent to the quarter.
- Mr. Paspalas recapped the most recently tabled PEA for Juanicipo which was tabled in Q4/2017. The study envisions a 4ktpd operation at AISCs of \$5.02/oz. The PEA includes underground crushing and underground conveying to the site plant. Also featured is a winze to allow access to the Deep Zone.
- The PEA envisions a 19 year mine life with a compelling after-tax IRR of 44%. Compared to the 2012 PEA, the IRR was approximately the same, but the new PEA was tabled at significantly lower silver prices. Mr. Paspalas reiterated the conservatism incorporated into the PEA.
- Mr. Paspalas noted that Fresnillo recently announced its board expects to approve the feasibility study in H1/2018 and begin construction shortly thereafter. It was reiterated that first production is estimated in H1/2020.
- The joint venture is currently working on deep directional drilling at the Deep Zone.
- Management highlighted the large size of the land package, and how a large proportion of it remains unexplored.

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

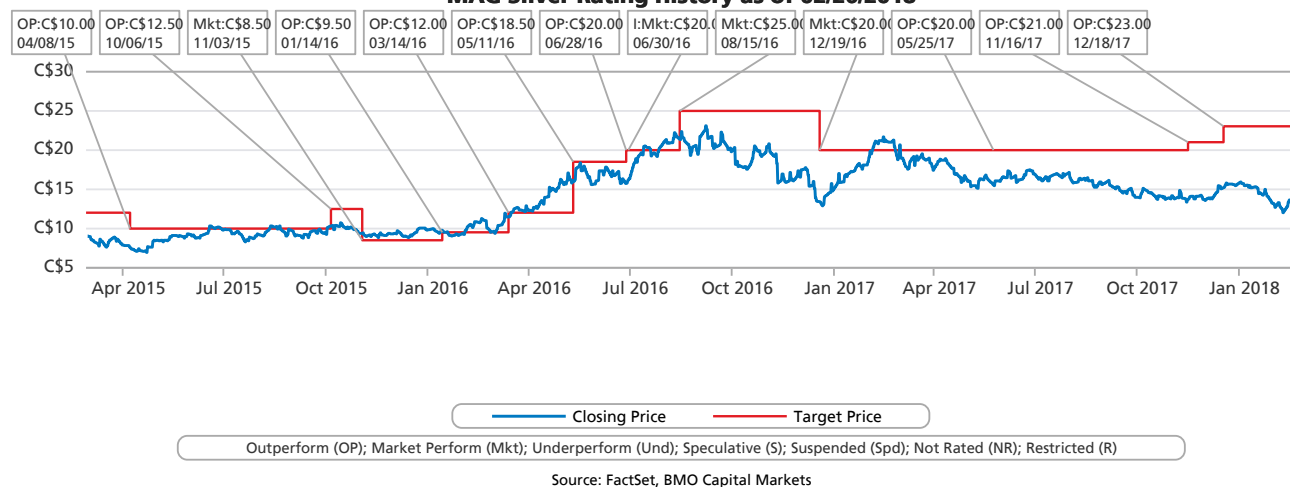


Industry
Research



Company
Models

MAG Silver Rating History as of 02/26/2018



IMPORTANT DISCLOSURES

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

Methodology: Target prices for development-stage companies are derived using a 100% weighting assigned to a P/NPV multiple.

Risks: Risks to the BMO Research target price include commodity/currency, technical/operating, and litigation/political risks inherent to mining operations; as well as feasibility, permitting and financing risks related to development of growth projects as detailed more completely in the company-specific risk disclosures.

Distribution of Ratings (February 26, 2018)

| Rating category | BMO rating | BMOCM US Universe* | BMOCM US IB Clients** | BMOCM US IB Clients*** | BMOCM Universe**** | BMOCM IB Clients***** | StarMine Universe |
|-----------------|----------------|--------------------|-----------------------|------------------------|--------------------|-----------------------|-------------------|
| Buy | Outperform | 47.6% | 25.1% | 57.1% | 49.7% | 57.3% | 55.3% |
| Hold | Market Perform | 49.2% | 17.5% | 41.3% | 47.1% | 41.3% | 39.7% |
| Sell | Underperform | 3.2% | 10.5% | 1.6% | 3.2% | 1.4% | 5.0% |

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Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;

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(S) = Speculative investment;

Spd = Suspended - Coverage and rating suspended until coverage is reinstated;

NR = No Rated - No rating at this time; and

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Prior BMO Capital Markets Rating System

(April 2013 - October 2016)

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

(January 2010 - April 2013)

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

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