

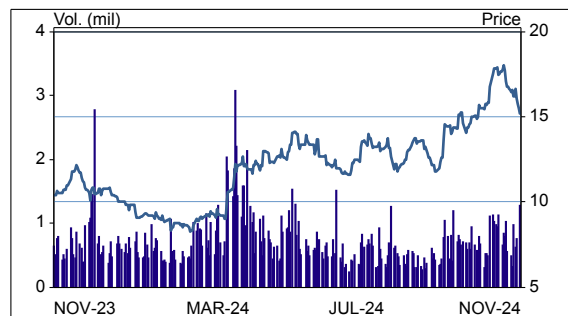
**MAG Silver Corp (MAG)**  
**Rating: Buy**

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### 3Q24 Financial Results Display Continued Revenue and Earnings Growth; Price Deck Revision; Reiterate Buy; PT Higher

Stock Data		11/12/2024		
Price		\$15.22		
Price Target		\$20.00		
52-Week High		\$18.27		
52-Week Low		\$8.20		
Enterprise Value (M)		\$1,458.7		
Market Cap (M)		\$1,572		
Shares Outstanding (M)		103.3		
3 Month Avg Volume		647,622		
Short Interest (M)		2.93		
Balance Sheet Metrics				
Cash (M)		\$113.5		
Total Debt (M)		\$0.0		
Total Cash/Share		\$1.10		
<i>General: All figures in US\$ unless otherwise noted.</i>				
EPS (\$) Diluted				
Full Year - Dec	2023A	2024E	2025E	
FY	0.47	0.74	0.75	
Revenue (\$M)				
Full Year - Dec	2023A	2024E	2025E	
FY	442.3	631.8	640.0	

*On 100% basis.*



**3Q24 financial results.** On November 12, MAG Silver announced its 3Q24 financial results. During the quarter, the firm had \$25.6M of income related to MAG's equity-accounted investment in Juanicipio and ultimately reported net income of \$22.3M, or \$0.17 per share. Results compare quite favorably to \$13.7M of income from the firm's equity investment and net income of \$8.9M, or \$0.09 per share, in 3Q23. In short, MAG's greater attributable share of earnings was driven by higher revenue from Juanicipio, which reached \$176.4M (+41% YoY) on a 100% basis. In addition, the company recognized operating income of \$21.9M (\$9.1M in 3Q23). We also highlight MAG's strong balance sheet, with the firm now having \$113.5M of cash and cash equivalents and no long-term debt.

**Drilling update at Juanicipio.** During the quarter, drilling at Juanicipio primarily focused on upgrading mineralization in areas likely to be mined in the near to intermediate term. Management drilled a total of 8,248 meters (m) underground, while the company also completed 9,768m of surface drilling at the Cañada Honda Structure. We stress that results from three holes showed thin epithermal veins with minimal base metals. Additionally, some holes from the program have reached deep enough to intercept the Juanicipio vein, extending it by 450m downdip with a 0.7m base metal-rich section.

**Noncore asset update.** A combined 1,745m have been drilled at MAG's Deer Trail project from the surface this year, with three holes already completed: two at Carissa and one in the Deer Trail Mine Corridor. In addition, the company drilled 12,661m at its Larder Project, focused on the Twist, Swansea, Long Conglomerate, and Kir Vit areas. Key targets included the central and western Twist zone, a large induced polarization target at Swansea linked to historic green carbonate alterations, a four-kilometer Long Conglomerate zone, and the southeastern extensions of Kir Vit. We also note that exploration at the Goldstake property uncovered high-grade gold values at the T trench, with channel and grab samples showing up to 32.1 grams per tonne (gpt) of gold.

**Precious metal price deck revision.** We are updating our precious metal price deck for all metals & mining research reports as of November 6, 2024. We now model long-term estimates of \$2,500/oz for gold (prior: \$2,100/oz) and \$30.00/oz for silver (prior: \$26.00/oz), respectively. We base this change on a variety of macroeconomic developments that have significantly increased gold and silver spot prices over the past year, particularly during the last six months. Gold has risen 33.5% to \$2,599/oz from \$1,947/oz on November 13, 2023, while silver has increased 37.8% to \$30.76/oz from \$22.33/oz over the same timeframe. We note that current spot prices exceed even our revised commodity price deck. In our view, the revised estimates account for an ongoing inflationary environment, continued investment in safe-haven assets, and recessionary concerns. In addition, we emphasize that precious metals may gain further support if interest rates continue their recent downward trajectory.

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**We reiterate our Buy rating on shares of MAG Silver as we increase our PT to \$20 from \$18.** The increase in our PT is primarily attributable to the aforementioned revisions to our price deck, which are now factored into the DCF model. We now value Juanicipio at \$1.84B based on a DCF of operations for the site and continue to utilize our reasonably low discount rate of 7.0% on the asset. This figure remains intentionally lower than the discount rates applied to most other Mexican assets throughout our coverage universe and accounts for MAG's high-grade orebody, profitable joint venture agreement, and extensive long-term production potential. We estimate an overall NAV of \$2.16B for MAG that accounts for the firm's exploration assets and includes \$113.5M in cash and equivalents. This provides a value of \$20.41 per share, which we round to our final price target of \$20.00.

**Near-term catalysts.** Management expects silver grades at Juanicipio to reach the top end of MAG's revised grade guidance of 420gpt - 460gpt for 2024. We also highlight incremental growth in lead and zinc production YoY, which is supported by higher average grades amid improvements in Measured & Indicated resources. Looking ahead, we continue to monitor the firm's ongoing drilling results. We also emphasize that positive drilling and exploration results from the Deer Trail and Larder projects have the potential to unlock significant shareholder value for assets that are currently mostly ignored by the market. Juanicipio is expected to produce between 16.3M - 17.3M ounces (oz) of silver, yielding 14.5Moz — 15.4Moz of silver sold at all-in sustaining costs of between \$8.50/oz - \$9.25/oz sold. In conclusion, we expect the site to remain a high-grade operation that should produce silver at favorable costs through its JV with a local partner for years to come.

**Risks.** (1) Commodity price risk; (2) operating and technical risks; (3) political risk; and (4) JV-related risks.

MAG Silver Corp		2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
<u>Juaniclio</u>												
Tonnes Milled		1,314,567	1,304,000	1,294,000	1,300,000	1,318,000	1,297,000	1,308,000	1,309,000	1,308,000	1,302,000	1,302,000
Silver Grade (g/t)		468.75	373	320	287	198	170	198	169	200	245	170
Recovery Rate		91.0%	91.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
<b>Annual Silver production ('000s of oz)</b>		<b>18,119</b>	<b>13,767</b>	<b>11,334</b>	<b>10,212</b>	<b>7,143</b>	<b>6,035</b>	<b>7,089</b>	<b>6,055</b>	<b>7,160</b>	<b>8,731</b>	<b>6,058</b>
Silver Sales Price	\$	30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Gold Grade (g/t)		1.3	1.5	1.5	1.5	1.9	1.7	1.6	1.7	1.6	1.5	1.4
Recovery Rate		80.8%	80.8%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%	84.0%
<b>Annual Gold Production ('000s of oz)</b>		<b>42</b>	<b>49</b>	<b>52</b>	<b>52</b>	<b>66</b>	<b>56</b>	<b>55</b>	<b>57</b>	<b>55</b>	<b>51</b>	<b>47</b>
<i>Growth</i>												
Gold Sales Price	\$	2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Silver:Gold Ratio		83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3	83.3
<b>Silver Equivalent ('000s of oz)</b>		<b>3,510</b>	<b>4,096</b>	<b>4,311</b>	<b>4,331</b>	<b>5,538</b>	<b>4,659</b>	<b>4,585</b>	<b>4,731</b>	<b>4,585</b>	<b>4,281</b>	<b>3,884</b>
Lead Grade		1.5%	1.6%	2.2%	3.1%	3.5%	3.0%	3.0%	2.7%	2.8%	3.1%	2.7%
Recovery Rate		93.8%	93.8%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
<b>Annual Lead Production ('000s of pounds)</b>		<b>38,845</b>	<b>42,336</b>	<b>54,728</b>	<b>77,933</b>	<b>88,473</b>	<b>76,243</b>	<b>75,367</b>	<b>67,298</b>	<b>71,561</b>	<b>79,063</b>	<b>68,706</b>
<i>Growth</i>												
Lead Sales Price per pound	\$	0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.85
Value of Lead (in '000s of \$)		33,018	35,986	46,519	66,243	75,202	64,806	64,062	57,203	60,826	67,203	58,400
<b>Silver Equivalent ('000s of oz)</b>		<b>1,101</b>	<b>1,200</b>	<b>1,551</b>	<b>2,208</b>	<b>2,507</b>	<b>2,160</b>	<b>2,135</b>	<b>1,907</b>	<b>2,028</b>	<b>2,240</b>	<b>1,947</b>
Zinc Grade		2.8%	2.7%	3.7%	5.1%	6.2%	5.4%	4.9%	5.2%	4.9%	5.8%	5.9%
Recovery Rate		87.8%	87.8%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%
<b>Annual Zinc Production ('000s of pounds)</b>		<b>67,356</b>	<b>68,151</b>	<b>81,495</b>	<b>112,548</b>	<b>137,599</b>	<b>118,673</b>	<b>108,578</b>	<b>115,549</b>	<b>109,244</b>	<b>127,088</b>	<b>129,740</b>
<i>Growth</i>												
Zinc Sales Price per pound	\$	1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Value of Zinc (in '000s)		67,356	68,151	81,495	112,548	137,599	118,673	108,578	115,549	109,244	127,088	129,740
<b>Silver Equivalent ('000s of oz)</b>		<b>2,245</b>	<b>2,272</b>	<b>2,717</b>	<b>3,752</b>	<b>4,587</b>	<b>3,956</b>	<b>3,619</b>	<b>3,852</b>	<b>3,641</b>	<b>4,236</b>	<b>4,325</b>
<b>Silver &amp; Gold</b>		<b>21,629</b>	<b>17,863</b>	<b>15,644</b>	<b>14,543</b>	<b>12,681</b>	<b>10,694</b>	<b>11,674</b>	<b>10,786</b>	<b>11,745</b>	<b>13,012</b>	<b>9,942</b>
<b>Base Metal Credits (in '000s)</b>		<b>100,374</b>	<b>104,137</b>	<b>128,014</b>	<b>178,791</b>	<b>212,801</b>	<b>183,480</b>	<b>172,640</b>	<b>172,753</b>	<b>170,071</b>	<b>194,291</b>	<b>188,140</b>
<b>Total Silver Equivalents &amp; Base Metals</b>		<b>24,975</b>	<b>21,335</b>	<b>19,911</b>	<b>20,502</b>	<b>19,775</b>	<b>16,810</b>	<b>17,428</b>	<b>16,544</b>	<b>17,414</b>	<b>19,488</b>	<b>16,213</b>
Total Cash Cost per ounce of silver equivalent	\$	4.60	\$ 4.60	\$ 4.69	\$ 4.79	\$ 4.88	\$ 4.98	\$ 5.08	\$ 5.18	\$ 5.28	\$ 5.39	\$ 5.50
Revenue from Silver ('000s)	\$	543,572	\$ 413,008	\$ 340,014	\$ 306,364	\$ 214,286	\$ 181,051	\$ 212,660	\$ 181,652	\$ 214,808	\$ 261,933	\$ 181,749
% of total revenue		72.5%	64.5%	56.9%	49.8%	36.1%	35.9%	40.7%	36.6%	41.1%	44.8%	37.4%
Revenue from Gold ('000s)	\$	105,306	\$ 122,894	\$ 129,316	\$ 129,916	\$ 166,150	\$ 139,782	\$ 137,550	\$ 141,931	\$ 137,550	\$ 128,415	\$ 116,509
% of total revenue		14.1%	19.2%	21.6%	21.1%	28.0%	27.7%	26.3%	28.6%	26.3%	22.0%	24.0%
Revenue from Lead ('000s)	\$	33,018	\$ 35,986	\$ 46,519	\$ 66,243	\$ 75,202	\$ 64,806	\$ 64,062	\$ 57,203	\$ 60,826	\$ 67,203	\$ 58,400
% of total revenue		4.4%	5.6%	7.8%	10.8%	12.7%	12.9%	12.3%	11.5%	11.6%	11.5%	12.0%
Revenue from Zinc ('000s)	\$	67,356	\$ 68,151	\$ 81,495	\$ 112,548	\$ 137,599	\$ 118,673	\$ 108,578	\$ 115,549	\$ 109,244	\$ 127,088	\$ 129,740
% of total revenue		9.0%	10.6%	13.6%	18.3%	23.2%	23.5%	20.8%	23.3%	20.9%	21.7%	26.7%
<b>Total Revenue</b>	<b>\$</b>	<b>749,252</b>	<b>\$ 640,038</b>	<b>\$ 597,345</b>	<b>\$ 615,071</b>	<b>\$ 593,237</b>	<b>\$ 504,314</b>	<b>\$ 522,850</b>	<b>\$ 496,335</b>	<b>\$ 522,429</b>	<b>\$ 584,639</b>	<b>\$ 486,399</b>
<b>Gross Profit (in '000s of \$)</b>		<b>634,367</b>	<b>541,899</b>	<b>503,920</b>	<b>516,950</b>	<b>496,706</b>	<b>420,611</b>	<b>434,336</b>	<b>410,629</b>	<b>430,413</b>	<b>479,606</b>	<b>397,267</b>
CapEx		(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Tax @ 30.0% plus 7.5% EBITDA & 0.5% revenue	30.0%	(183,299)	(155,706)	(144,383)	(148,283)	(142,253)	(119,550)	(123,657)	(116,591)	(122,508)	(137,208)	(112,633)
Net effective operating cash flow		431,068	366,193	339,537	348,667	334,453	281,061	290,678	274,038	287,905	322,398	264,635
Cash Flow Discount Rate	7.0%											
Present Value		431,068	342,237	296,565	284,616	255,153	200,393	193,691	170,657	167,563	175,363	134,527
% owned by MAG		44%	44%	44%	44%	44%	44%	44%	44%	44%	44%	44%
Value to MAG Shareholders		189,670	150,584	130,488	125,231	112,267	88,173	85,224	75,089	73,728	77,160	59,192
Total Current Value	\$	1,315,482										
Fully Diluted Shares ('000s)		105,649										
Juaniclio NAV per share	\$	12.45										
Multiple		1.4										
<b>Juaniclio current value</b>	<b>\$</b>	<b>1,841,675</b>										
<i>Juaniclio Value per share</i>	<i>\$</i>	<i>17.43</i>										
<b>Cinco de Mayo value</b>	<b>\$</b>	<b>125,000</b>										
Multiple		1.0										
<b>Cinco de Mayo fair value</b>	<b>\$</b>	<b>125,000</b>										
Plus Cash & Equivalents	\$	113,491	\$ 1.07 per share	As of 09/30/2024								
Plus Finished Goods	\$	-										
Plus Exploratory Assets	\$	74,519	\$ 0.71 per share	As of 09/30/2024								
Plus ownership in Reyna Silver Corp. (RSLV.V)	\$	1,358	\$ 0.01 per share	based on 14.6M common shares at C\$0.13 as of 11/12/2024		0.7174	USD/CAD exchange rate as of 11/12/2024					
Less Debt	\$	-										
<b>Total Current Value ('000s of US\$)</b>	<b>\$</b>	<b>2,156,042</b>										
Basic shares		103,307	As of 09/30/2024									
Options, DSU's, RSU's, and PSU's		2,342	As of 09/30/2024									
Fully Diluted Shares ('000s)		105,649	As of 09/30/2024									
NAV per share	\$	20.41										
<b>Rounded (\$1.00) price target</b>	<b>\$</b>	<b>20.00</b>										
Current MAG share price	\$	15.22	23.9% discount to price target as of 11/12/2024									
Source: H.C. Wainwright & Co. estimates.												

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**Market Outperform (Buy):** The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Distribution of Ratings Table as of November 11, 2024					
Ratings	Count	Percent	IB Service/Past 12 Months		
			Count	Percent	
Buy	564	87.71%	125	22.16%	
Neutral	73	11.35%	6	8.22%	
Sell	0	0.00%	0	0.00%	
Under Review	6	0.93%	2	33.33%	

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