MAG SILVER CORP.

Unaudited Condensed Interim Consolidated Financial Statements (expressed in US$)

For the three months ended March 31, 2015

Dated: May 11, 2015

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

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MAG SILVER CORP.

Condensed Interim Consolidated Statements of Financial Position *(Unaudited)*

(expressed in US$ dollars unless otherwise stated)

	Note	March 31, 2015	December 31, 2014
ASSETS			
CURRENT			
Cash		$ 83,268,077	$ 86,280,385
Accounts receivable	3	296,812	583,373
Marketable securities	4	215,468	364,584
Prepaid expenses		545,847	355,909
TOTAL CURRENT ASSETS		84,326,204	87,584,251
EQUIPMENT	5	48,625	52,567
INVESTMENT IN ASSOCIATE	6	29,788,566	27,598,153
EXPLORATION AND EVALUATION ASSETS	7	50,968,021	50,480,496
OPTION TO ACQUIRE MINERAL INTEREST	7c	3,582,220	3,808,029
TOTAL ASSETS		$ 168,713,636	$ 169,523,496
LIABILITIES			
CURRENT			
Trade and other payables		$ 588,978	$ 550,509
COMMITMENTS	7,14		
DEFERRED INCOME TAXES		3,682,347	3,682,347
TOTAL LIABILITIES		4,271,325	4,232,856
EQUITY			
Share capital	8		
Authorized - unlimited common shares, without par value			
Issued and outstanding common shares at March 31, 2015 - 69,173,076 (Dec. 31, 2014 - 68,860,536)		259,663,440	257,023,003
Equity reserve		18,607,269	19,485,539
Accumulated other comprehensive income		784,258	858,580
Deficit		(114,612,656)	(112,076,482)
TOTAL EQUITY		164,442,311	165,290,640
TOTAL LIABILITIES AND EQUITY		$ 168,713,636	$ 169,523,496
SUBSEQUENT EVENTS	15		

See accompanying notes to the condensed interim consolidated financial statements.

MAG SILVER CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (*Unaudited*)

(expressed in US$ dollars unless otherwise stated)

	Note	For the three month period ended March 31 2015	For the three month period ended March 31, 2014
EXPENSES			
Accounting and audit		$ 86,319	$ 96,956
Amortization	5	3,942	5,950
Filing and transfer agent fees		153,379	117,323
Foreign exchange loss (gain)	2k	1,093,759	(620,192)
General office expenses		131,003	142,173
Legal		37,782	106,548
Property investigation		101,557	63,487
Management compensation and consulting fees		404,758	601,467
Share based payment expense	8b,c,d	321,041	434,408
Shareholder relations		145,371	96,969
Travel		74,601	80,791
		2,553,512	1,125,880
INTEREST INCOME		92,132	32,718
IMPAIRMENT OF INVESTMENT IN AVAILABLE-FOR-SALE SECURITIES	4	(74,794)	-
LOSS FOR THE PERIOD		$ (2,536,174)	$ (1,093,162)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to profit or loss:			
CURRENCY TRANSLATION ADJUSTMENT	2k	-	(1,002,367)
UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES, NET OF TAXES	4	(74,332)	29,084
		(74,332)	(973,283)
TOTAL COMPREHENSIVE LOSS		$ (2,610,506)	$ (2,066,445)
BASIC AND DILUTED LOSS PER SHARE		$ (0.04)	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED		69,039,998	60,159,455

See accompanying notes to the condensed interim consolidated financial statements.

MAG SILVER CORP.
Condensed Interim Consolidated Statements of Changes in Equity (*Unaudited*)

(expressed in US$ unless otherwise stated)

	Note	Common shares without par value: Shares	Common shares without par value: Amount	Equity Reserve	Currency translation adjustment	Unrealized gain (loss) on marketable securities	Accumulated other comprehensive income (loss) ("AOCI")	Deficit	Total equity
Balance, January 1, 2014		60,141,718	$ 179,579,878	$ 16,700,933	$ 971,134	$ 74,494	$ 1,045,628	$ (95,943,279)	101,383,160
Stock options exercised	8a,b	293,750	2,303,260	(664,625)	-	-	-	-	1,638,635
Stock options exercised cashless	8a,b	7,068	53,250	(53,250)	-	-	-	-	-
Share based payment expense		-	-	3,502,481	-	-	-	-	3,502,481
Issued for cash	8a	8,418,000	75,086,615	-	-	-	-	-	75,086,615
Currency translation adjustment	2k	-	-	-	(186,876)	-	(186,876)	-	(186,876)
Unrealized loss on marketable securities	4	-	-	-	-	(172)	(172)	-	(172)
Net loss		-	-	-	-	-	-	(16,133,203)	(16,133,203)
Total Comprehensive Loss		-	-	-	-	-	-	-	(16,320,251)
Balance, December 31, 2014		68,860,536	$ 257,023,003	$ 19,485,539	$ 784,258	$ 74,322	$ 858,580	$ (112,076,482)	165,290,640
Stock options exercised	8a,b	239,100	2,095,224	(654,098)	-	-	-	-	1,441,126
Stock options exercised cashless	8a,b	73,440	545,213	(545,213)	-	-	-	-	-
Share based payment expense	8b,c,d	-	-	321,041	-	-	-	-	321,041
Unrealized loss on marketable securities	4	-	-	-	-	(74,322)	(74,322)	-	(74,322)
Net loss		-	-	-	-	-	-	(2,536,174)	(2,536,174)
Total Comprehensive Loss		-	-	-	-	-	-	-	(2,610,496)
Balance, March 31, 2015		69,173,076	$ 259,663,440	$ 18,607,269	$ 784,258	$ -	$ 784,258	$ (114,612,656)	164,442,311

Three Month Comparative:

	Note	Shares	Amount	Equity Reserve	Currency translation adjustment	Unrealized gain (loss) on marketable securities	AOCI	Deficit	Total equity
Balance, January 1, 2014		60,141,718	$ 179,579,878	$ 16,700,933	$ 971,134	$ 74,494	$ 1,045,628	$ (95,943,279)	$ 101,383,160
Stock options exercised	8a,b	67,836	473,449	(136,754)	-	-	-	-	336,695
Share based payment expense	8b	-	-	434,408	-	-	-	-	434,408
Currency translation adjustment	2k	-	-	-	(1,002,367)	-	(1,002,367)	-	(1,002,367)
Unrealized gain on marketable securities	4	-	-	-	-	29,084	29,084	-	29,084
Net loss		-	-	-	-	-	-	(1,093,162)	(1,093,162)
Total Comprehensive Loss		-	-	-	(1,002,367)	29,084	(973,283)	(1,093,162)	(2,066,445)
Balance, March 31, 2014		60,209,554	$ 180,053,327	$ 16,998,587	$ (31,233)	$ 103,578	$ 72,345	$ (97,036,441)	$ 100,087,818

See accompanying notes to the condensed interim consolidated financial statements.

MAG SILVER CORP.
Condensed Interim Consolidated Statements of Cash Flows (*Unaudited*)

(expressed in US dollars unless otherwise stated)

	Note	For the three month period ended March 31, 2015	For the three month period ended March 31, 2014
OPERATING ACTIVITIES			
Loss for the period		$ (2,536,174)	$ (1,093,162)
Items not involving cash:			
Amortization	5	3,942	5,950
Impairment of investment in available-for-sale securities	4	74,794	-
Share based payment expense	8b,c,d	321,041	434,408
Unrealized foreign exchange loss (gain)	2k	1,090,196	(625,658)
Changes in operating assets and liabilities			
Accounts receivable		286,561	(180,641)
Prepaid expenses		(189,938)	(274,010)
Trade and other payables		3,388	214,706
Net cash used in operating activities		(946,190)	(1,518,407)
INVESTING ACTIVITIES			
Investment in associate	6	(2,191,673)	(1,755,906)
Exploration and evaluation expenditures	7	(437,030)	(357,726)
Expenditures under Option to acquire Mineral interest	7	(108,625)	(1,374,424)
Net cash used in investing activities		(2,737,328)	(3,488,055)
FINANCING ACTIVITIES			
Issuance of common shares upon exercise of stock options	8	1,441,126	336,695
Net cash from financing activities		1,441,126	336,695
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		(769,916)	(309,145)
DECREASE IN CASH		(3,012,308)	(4,978,912)
CASH, BEGINNING OF YEAR		86,280,385	25,050,948
CASH, END OF PERIOD		$ 83,268,077	$ 20,072,036

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements are prepared under International Accounting Standards 34 *Interim Financial Reporting* ("IAS 34"), in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They do not include all of the information required for full annual IFRS financial statements and therefore should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014.

The accounting policies set out below have been applied consistently by the Company and its subsidiaries to all periods presented herein. On a prospective basis, the Company changed the functional currency of the parent Company MAG from the Canadian dollar to the US dollar, effective July 1, 2014 (Note *2(d)* and *2(k)* below).

These condensed interim consolidated financial statements ("Interim 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 Interim Financial Statements were authorized for issuance by the Board of Directors of the Company on May 11, 2015.

(a) *Basis of consolidation*

These Interim Financial Statements include the accounts of the Company and its controlled subsidiaries. Control exists when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial results of the Company from the effective date that control is obtained up to the effective date of disposal or loss of control. The principal wholly-owned subsidiaries as at March 31, 2015 are Minera Los Lagartos, S.A. de C.V., Minera Pozo Seco S.A. de C.V., and Minera Sierra Vieja S.A. de C.V. All intercompany balances, transactions, revenues and expenses have been eliminated upon consolidation.

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

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

(b) *Investments in Associates*

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

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

At the end of each reporting period, the Company assesses whether there is any evidence that an investment in associate is impaired. This assessment is generally made with reference to the timing of exploration work, work programs proposed, exploration results achieved, and an assessment of the likely results to be achieved from performance of further exploration by the associate. When there is evidence that an investment in associate is impaired, the carrying amount of such investment is compared to its recoverable amount. If the recoverable amount of an investment in associate is less than its carrying amount, the

carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in net earnings in the period the reversal occurs.

(c) *Significant Estimates*

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

(d) *Critical judgments*

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

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

(e) *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies financial instruments as either held-to-maturity, available-for-sale, fair value through profit or loss (“FVTPL”), loans and receivables, or other financial liabilities. Financial assets held to

maturity, loans and receivables and other financial liabilities, are subsequently measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income ("OCI"). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss.

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

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

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

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

(f) *Cash*

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

(g) *Exploration and evaluation assets*

The Company is in the exploration stage with respect to its activities and accordingly follows the practice of capitalizing all costs relating to the acquisition, exploration and evaluation of its mining rights and crediting all revenues received against the cost of the related interests. Option payments made by the Company are capitalized until the decision to exercise the option is made. If the option agreement is to exercise a purchase option in an underlying mineral property, the costs are capitalized and accounted for as an exploration and evaluation asset. If the option agreement relates to the acquisition in shares

of an entity, which holds an underlying mineral property interest, the option to acquire the shares in another entity is a financial instrument (see *(e) Financial instruments* above). At such time as commercial production commences, the capitalized costs will be depleted on a units-of-production method based on proven and probable reserves. If a mineable ore body is discovered, exploration and evaluation costs are reclassified to mining properties. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

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

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

(h) Equipment

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

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

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

(i) Income taxes

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

(j) Provisions

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

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

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

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

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

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

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

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

Closure and reclamation

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

The provision for closure and reclamation is reviewed at the end of each reporting period for changes in estimates and circumstances. There was no provision for closure and reclamation as at March 31, 2015 or December 31, 2014.

(k) Functional currency and presentation currency

The functional currency of the parent and the functional currency of its Mexican subsidiaries and investment in associate 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.

In the prior year, the Company reassessed the functional currency of its parent entity due to the changes in circumstances and determined that the functional currency of its parent entity had changed from the Canadian dollar to the US$ as of July 1, 2014. The Company applied the change to functional currency as of July 1, 2014 on a prospective basis.

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

(l) Foreign currency transactions

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

(m) Loss per common share

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

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

As at March 31, 2015, the Company had 4,080,690 (March 31, 2014: 4,237,122) common share equivalents consisting of common shares issuable upon the exercise of outstanding exercisable stock options, restricted and performance share units, and deferred share

units. These common share equivalents were not included for the purpose of calculating diluted earnings per share as their effect would be anti-dilutive.

(n) Share based payments

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

(o) Changes in Accounting Standards

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective at March 31, 2015. These include:

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

IFRS 15 *Revenue from Contracts with Customers.* The final standard on revenue from contracts with customers was issued on May 8, 2014. In April 2015, the IASB tentatively determined that the revised effective date for IFRS 15 would be for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. Entities have the full option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

Annual Amendments. In September 2014, the IASB issued the Annual Improvements 2012-2014 cycles and is applicable for annual periods beginning on or after January 1, 2016 with earlier adoption permitted. The Company is assessing the impact of these amendments:

- Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11 Joint Arrangements);
- Equity Method in Separate Financial Statements (Amendments to IAS 27); and,
- Disclosure of information elsewhere in the interim financial report (amendments to IAS 34 *Interim Financial Reporting*)

3. ACCOUNTS RECEIVABLE

	March 31, 2015	December 31, 2014
Goods and services tax ("GST") recoverable	$ 38,175	$ 24,537
Mexican value added tax ("IVA") recoverable	251,178	549,321
Interest receivable and other	7,459	9,515
	$ 296,812	$ 583,373

All amounts are expected to be recovered within a year.

4. MARKETABLE SECURITIES

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

	March 31 2015	December 31, 2014
	Fair Value	Fair Value
Available-for-sale securities	$ 215,468	$ 364,584

During the quarter ended March 31, 2015, the Company recorded an unrealized loss, net of nil taxes, of $74,322 in other comprehensive income (loss) (March 31, 2014: unrealized gain, net of tax, of $29,084) on marketable securities designated as available-for-sale instruments.

	March 31, 2015	December 31, 2014
Fair value, beginning of year	$ 364,584	$ 486,700
Purchase of marketable securities	-	106,200
Unrealized loss for the period	(74,322)	(172)
Impairment for the period	(74,794)	(227,640)
Translation adjustment to June 30, 2014 (Notes 2(k))	-	(504)
Fair value, end of period	$ 215,468	$ 364,584

Available-for-sale financial assets are assessed at each reporting date for objective evidence of a significant or prolonged decline in fair value, requiring impairment recognition. For the period ended March 31, 2015, after management's review and based on objective evidence, an impairment of $74,794 (March 31, 2014: Nil) was recognized in the consolidated statement of loss.

5. EQUIPMENT

Cost	Computer equipment	Field equipment	Leasehold improvements	Total
Balance as at January 1, 2014	$ 242,433	$ 161,590	$ 7,208	$ 411,231
Additions	10,230	-	-	10,230
Translation adjustment to June 30, 2014 (Notes 2(k))	(550)	(515)	(23)	(1,088)
Balance December 31, 2014	$ 252,113	$ 161,075	$ 7,185	$ 420,373
Additions	-	-	-	-
Balance March 31, 2015	**$ 252,113**	**$ 161,075**	**$ 7,185**	**$ 420,373**

Accumulated depreciation	Computer equipment	Field equipment	Leasehold improvements	Total
Balance as at January 1, 2014	$ 191,730	$ 134,767	$ 6,124	$ 332,621
Amortization for the period	23,725	10,399	1,061	35,185
Balance as at December 31, 2014	$ 215,455	$ 145,166	$ 7,185	$ 367,806
Amortization for the period	2,749	1,193	-	3,942
Balance as at March 31, 2015	**$ 218,204**	**$ 146,359**	**$ 7,185**	**$ 371,748**

Carrying amounts	Computer equipment	Field equipment	Leasehold improvements	Total
At December 31, 2014	$ 36,658	$ 15,909	$ -	$ 52,567
At March 31, 2015	**$ 33,909**	**$ 14,716**	**$ -**	**$ 48,625**

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

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

In mid 2007, Peñoles met all of the earn-in requirements of the Agreement. In December 2007, the Company and Peñoles created an operating company named Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio") for the purpose of holding and operating the Juanicipio Property. In 2008, MAG was notified that Peñoles had transferred its 56% interest of Minera Juanicipio to Fresnillo plc ("Fresnillo") pursuant to a statutory merger. Minera Juanicipio is held 56% by Fresnillo and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at March 31, 2015, as publicly reported. In December 2007, all mineral rights and surface rights relating to the Juanicipio project held by the Company and Peñoles, respectively, were ceded into Minera Juanicipio. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio, and if either party does not fund pro-rata, their ownership interest will be diluted in accordance with the Minera Juanicipio shareholders agreement .

The Company has recorded its investment in Minera Juanicipio using the equity basis of accounting. The cost of the investment includes the carrying value of the deferred exploration and mineral and

surface rights costs incurred by the Company on the Juanicipio Property and contributed to Minera Juanicipio plus the required net cash investment to establish and maintain its 44% interest.

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

	March 31, 2015	December 31, 2014
Joint venture oversight expenditures incurred 100% by MAG	$ 34,413	$ 360,177
Cash contributions to Minera Juanicipio [1]	2,156,000	4,378,000
Total for the current period	2,190,413	4,738,177
Equity pick up of current loss for the period [2]	-	(231,375)
Balance, January 1, 2015 and 2014	27,598,153	23,093,221
	29,788,566	27,600,023
Translation adjustment to June 30, 2014 (Note 2(k))	-	(1,870)
Balance, end of period	**$ 29,788,566**	**$ 27,598,153**

[1] Represents the Company's 44% share of Minera Juanicipio cash contributions for the period.

[2] Represents the Company's 44% share of Minera Juanicipio's loss for the period, as determined by the Company (March 31, 2014: Nil).

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

	March 31, 2015	December 31, 2014
Cash and short term investments	$ 2,142,647	$ 417,860
IVA and other receivables	3,783,576	3,617,014
Total current assets	5,926,223	4,034,874
Minerals, surface rights, exploration & development expenditures	59,980,321	57,594,111
Total assets	$ 65,906,544	$ 61,628,985
Payables to Peñoles and other vendors	$ 340,797	$ 769,539
Deferred income tax liability	4,015,936	4,015,936
Total liabilities	4,356,733	4,785,475
Shareholders equity	61,549,811	56,843,510
Total liabilities & equity	$ 65,906,544	$ 61,628,985

	March 31, 2015	December 31, 2014
Deferred income tax expense	$ -	$ -
Exchange Loss	-	525,853
Net loss after deferred income taxes	$ -	$ 525,853
MAG's 44% equity pick up	$ -	$ 231,375

Evaluation and exploration expenditures and initial development expenditures, capitalized directly by Minera Juanicipio for the quarter ended March 31, 2015 amounted to $2,338,775 (March 31, 2014: $1,349,062).

There are no operating expenses or income in Minera Juanicipio, as all mineral, surface rights, and exploration and development expenditures are capitalized.

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

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

	Three months ended March 31, 2015			
	Cinco de Mayo (a)	Guigui (b)	**Total**	Salamandra (c)
Exploration and evaluation assets				
Acquisition costs of mineral & surface rights	$ -	$ 34,448	$ 34,448	$ -
Camp and site costs	16,096	3,869	19,965	2,023
Community relations & legal	170,463	10,212	180,675	-
Convertible loan advances (c)	-	-	-	73,447
Geochemical & metallurgical	-	1,525	1,525	-
Geological & geophysical	23,004	18,513	41,517	18,888
Land taxes and gov't fees	139,407	45,419	184,826	-
Travel, transport & shipping	19,530	5,039	24,569	112
Total for the period	368,500	119,025	487,525	94,470
Balance January 1, 2015	47,327,634	3,152,862	50,480,496	3,808,029
Exchange difference	-	-	-	(320,279)
Balance, March 31, 2015	$ 47,696,134	$ 3,271,887	$ 50,968,021	$ 3,582,220

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

At March 31, 2015, trade and other payables includes exploration and evaluation asset expenditures of $189,528 (March 31, 2014: $395,315), a non-cash investing activity.

(a) Cinco de Mayo Property

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

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

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

To March 31, 2015, the Company has incurred $47,696,134 on exploration and evaluation costs on the property.

(b) Guigui Property

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

To March 31, 2015, the Company has incurred $3,271,887 on exploration and evaluation costs on the property.

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

In 2013, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil") whereby the Company can earn up to a 70% interest in CRD Minerals Corp., a company which owns Canasil's 14,719 hectare Salamandra property located in Durango State, Mexico. The Company paid Canasil C$150,000 upon signing the agreement and a further C$150,000 upon the first anniversary of the agreement. To earn an initial 55% interest in the property, the Company must make additional cash payments to Canasil of C$450,000 over the next two annual anniversary dates of the agreement, and complete C$5,500,000 in exploration expenditures by May 23, 2017. As of March 31, 2015 the Company had drilled 10,112 metres on the property, and incurred C$4.5 million in eligible exploration expenditures under the terms of the option agreement.

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

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

To March 31, 2015, advances to CRD Minerals Corp. and direct exploration expenditures totaled $3,582,220 under the Company's option to acquire mineral interest. Given the early stage of the exploration work on the project, this amount represents management's best estimate of the fair value of the option to acquire a mineral interest at March 31, 2015.

There were no exploration and evaluation assets written off in the quarter ended March 31, 2015 (March 31, 2014 - Nil). During the year ended December 31, 2014, the Company wrote down

exploration and evaluation assets totaling $6,418,387 for the Don Fippi (Batopilas) claims as part of a strategic refocusing by the Company on its core properties.

8. SHARE CAPITAL

(a) *Issued and outstanding*

At March 31, 2015, there were 69,173,076 shares outstanding (December 31, 2014: 68,860,536).

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

During the quarter ended March 31, 2015, 239,100 stock options were exercised for cash proceeds of $1,441,126 (March 31, 2014: 67,836 stock options were exercised for cash proceeds of $336,695) and 220,500 additional stock options were exercised under a less dilutive cashless exercise provision of the plan, whereby 73,440 shares were issued in settlement of the stock options (March 31, 2014 – Nil).

During the year ended December 31, 2014, 293,750 stock options were exercised for cash proceeds of $1,638,635 and 24,668 additional stock options were exercised under a less dilutive cashless exercise provision of the plan, whereby 7,068 shares were issued in settlement of the stock options.

(b) *Stock options*

The Company has entered into Incentive Stock Option Agreements (“Agreements”) with directors, officers, employees and consultants. On June 24, 2014, the Shareholders re-approved the Company’s 8% rolling Stock Option Plan (the “Plan”). The maximum number of common shares that may be issuable under the Plan is set at 8% of the number of issued and outstanding common shares on a non-diluted basis at any time, provided that (i) the number of common shares issued or issuable under all share compensation arrangements (including under the Share Unit Plan and Deferred Share Unit Plan – see Notes 8 (c) and 8(d), respectively) shall not exceed 8% of the issued and outstanding common shares on a non-diluted basis. Options granted under the Plan have a maximum term of 5 years. As at March 31, 2015, there are 3,301,940 stock options outstanding under the Plan and 600,000 inducement options outstanding outside of the Plan.

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

	Period ended March 31, 2015		Weighted average exercise price (C$/option)	Year ended December 31, 2014		Weighted average exercise price (C$/option)
Balance outstanding, beginning of year	4,361,540	$	8.47	4,304,958	$	8.17
Granted [1]	-		-	375,000		9.93
Exercised for cash [2]	(239,100)		7.41	(293,750)		6.19
Exercised cashless [2]	(220,500)		6.87	(24,668)		5.63
Balance outstanding, end of period	3,901,940	$	8.63	4,361,540	$	8.47

[1] During the quarter ended March 31, 2015, no stock options were granted (March 31, 2014: Nil).

[2] During the quarter ended March 31, 2015, 459,600 stock options were exercised (March 31, 2014: 67,836), with a weighted average market share price at the time of exercise of C$9.74 per share (March 31, 2014: C$8.63).

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

During the quarter ended March 31, 2015, the Company recorded share based payment expense of $210,087 (March 31, 2014: $434,408) relating to stock options vested to employees and consultants in the period.

The following table summarizes the Company's stock options outstanding and exercisable as at March 31, 2015:

	Exercise price ($C/ option)	Number outstanding at March 31 2015	Number exercisable at March 31 2015	Weighted average remaining contractual life (years)
[1]	5.35	500,000	333,334	3.54
	5.86	818,800	618,800	3.21
	8.90	35,000	35,000	4.42
	9.15	588,855	588,855	2.34
[1]	9.61	100,000	100,000	2.92
	9.92	564,285	564,285	0.73
	10.04	340,000	155,000	4.25
	10.44	640,000	640,000	1.42
	11.89	15,000	15,000	0.74
	12.19	300,000	300,000	2.51
		3,901,940	3,350,274	2.50

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

(c) *Restricted and performance share units*

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

During the quarter ended March 31, 2015, no RSUs were granted (March 31, 2014 – Nil).

As at March 31, 2015, there are 55,278 RSUs issued and outstanding under the Share Unit Plan, 18,426 of which have vested and are convertible into common shares of the Company. In the period ended March 31, 2015, the Company recognized a share-based payment expense of $63,189 (March 31, 2014: Nil) relating to RSUs vesting in the period.

(d) *Deferred share units*

On June 24, 2014, the Shareholders 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 0.75% of the number of issued and outstanding common shares on a non-diluted basis, provided that (i) the number of common shares issued or issuable under all share compensation arrangements (including under the Plan and the Share Unit Plan – see Notes 8 (b) and 8(c), respectively) shall not exceed 8% of the issued and outstanding common shares on a non-diluted basis.

Although no DSUs were granted in the quarter ended March 31, 2015 (March 31, 2014: Nil), some directors elected to receive their retainer and meeting fees for the quarter in the form of DSUs, which were granted subsequent to the period end (see Note 15). The resulting share-based payment expense of $47,765 (March 31, 2014: Nil) was accrued in the quarter ended March 31, 2015. Under the DSU plan, no common shares are to be issued, or cash payments made to, or in respect of a participant in the DSU Plan prior to such eligible Director's termination date.

As at March 31, 2015, there are 123,472 DSUs issued and outstanding under the DSU Plan.

As at March 31, 2015, there are 3,480,690 common shares issuable under the combined share compensation arrangements referred to above (the Plan, the Share Unit Plan and the DSU Plan) representing 5.03% of the issued and outstanding common shares on a non-diluted basis, and there are 2,053,156 share based awards available for grant under these combined share compensation arrangements.

9. CAPITAL RISK MANAGEMENT

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

Capital as defined above is summarized in the following table:

		March 31, 2015		December 31, 2014
Equity	$	164,442,311	$	165,290,640
Cash		(83,268,077)		(86,280,385)
	$	81,174,234	$	79,010,255

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

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

As at March 31, 2015, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company currently has sufficient working capital ($83.7 million) to maintain all of its properties and currently planned programs for a period in excess of the next year. In management's opinion, the Company is able to meet its ongoing current obligations as they become due. However, the Company will likely require additional capital in the future to meet its project related expenditures (see Note 14), as it is unlikely that the Company will generate sufficient operating cash flows to meet all of its future expenditure requirements. Future liquidity will depend upon the Company's ability to arrange additional debt or equity financing, as the Company relies on equity financings to fund its exploration and corporate activities.

10. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

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

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

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

(iii) Mexican value added tax
As at March 31, 2015, the Company had a receivable of $251,178 from the Mexican government for value added tax (Note 3). Management expects the balance to be fully recoverable within the year.

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

	March 31, 2015	December 31, 2014
Cash	$ 83,268,077	$ 86,280,385
Accounts receivable (see Note 3)	296,812	583,373
	$ 83,564,889	$ 86,863,758

(b) *Liquidity risk*

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

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

(c) *Currency risk*

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

Exposure to currency risk

As at March 31, 2015, 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:

March 31, 2015	Mexican peso	Canadian dollar
Cash	$ 184,711	$ 8,239,255
Accounts receivable	251,179	45,634
Prepaid	13,350	-
Marketable securities	-	215,468
Option to acquire mineral interest	-	3,582,220
Accounts payable	(231,043)	(225,957)
Net assets exposure (US$ equivalent)	$ 218,197	$ 11,856,620

March 31, 2014[1]		Mexican pesos		US dollar
Cash		50,196	$	12,436,119
Accounts receivable		1,109,423		-
Prepaid		9,133		-
Accounts payable		(282,943)		(267,340)
Net assets exposure (US$ equivalent)	$	885,809	$	12,168,779

[1] As at March 31, 2014, the functional currency of the MAG parent company was the Canadian dollar (see Note 2(k) above).

Mexican Peso relative to the US$

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

An appreciation/depreciation in the Mexican peso against the US$ will also result in a gain/loss to the extent that the Company holds net monetary assets in Pesos. Specifically, the Company's foreign currency exposure is comprised of peso denominated cash and value added taxes receivable, net of trade and other payables. The carrying amount of the Company's net peso denominated monetary assets at March 31, 2015 is 3,325,915 pesos (March 31, 2014: 11,590,022 pesos). A 10% appreciation in the peso against the US$ would result in gain at March 31, 2015 of $21,820 (March 31, 2014: $88,580), while a 10% depreciation in the peso relative to the US$ would result in an equivalent loss.

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 in C$. The carrying amount of the Company's net Canadian denominated monetary assets at March 31, 2015 is C$15,017,884 (March 31, 2014: C$10,834,795). A 10% appreciation in the C$ against the US$ would result in gain at March 31, 2015 of $1,185,663 while a 10% depreciation in the C$ relative to the US$ would result in an equivalent loss.

(d) Interest rate risk

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

11. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

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

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

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

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

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

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

	Period ended March 31, 2015				
	FVTPL	Available for sale	Loans and receivables	Other liabilities	Total
Financial assets					
Cash	$ 83,268,077	-	-	-	$ 83,268,077
Accounts receivables (Note 3)	-	-	296,812	-	296,812
Marketable securities (Note 4)	-	215,468	-	-	215,468
Option to acquire mineral interest (Note 7(c))	3,582,220	-	-	-	3,582,220
Financial liabilities					
Trade and other payables	-	-	-	588,978	588,978

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

The Company's financial assets or liabilities as measured in accordance with the fair value hierarchy described above are:

	Period ended March 31, 2015			
	Level 1	Level 2	Level 3	Total
Cash	$ 83,268,077	-	-	$ 83,268,077
Marketable securities (Note 4)[1]	215,468	-	-	215,468
Option to acquire mineral interest (Note 7(c))	-	-	3,582,220	3,582,220
	$ 83,483,545	$ -	$ 3,582,220	$ 87,065,765

	Year ended December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash	$ 86,280,385	-	-	$ 86,280,385
Marketable securities (Note 4)[1]	364,584	-	-	364,584
Option to acquire mineral interest (Note 7(c))	-	-	3,808,029	3,808,029
	$ 86,644,969	$ -	$ 3,808,029	$ 90,452,998

[1] The fair value of available-for-sale marketable securities (Note 4) is determined based on a market approach reflecting the closing price of each particular security as at the statement of financial position date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale securities are classified within Level 1 of the fair value hierarchy.

There were no transfers between levels 1, 2 and 3 during the quarter ended March 31, 2015 or during year ended December 31, 2014.

12. SEGMENTED INFORMATION

The Company operates in one operating segment, being the exploration of mineral properties in Mexico. Substantially all of the Company's long term assets are located in Mexico and the Company's executive and head office is located in Canada.

13. RELATED PARTY TRANSACTIONS

The Company does not have offices or direct personnel in Mexico, but rather is party to a Field Services Agreement, whereby it has contracted administrative and exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("IMDEX"). Up until June 24, 2014, these companies had a common director (Dr. Peter Megaw) with the Company. Dr. Megaw has since been appointed Chief Exploration Officer of the Company, although he continues to be remunerated through IMDEX as outlined below. Dr. Megaw is also a principal of both IMDEX and Cascabel. All transactions are incurred in the normal course of business, and are negotiated on terms between the parties which represent fair market value for all services rendered. A significant portion of the expenditures are incurred on the Company's behalf, and are charged to the Company on a "cost + 10%" basis typical of industry standards.

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

For the three months ended March 31			2015	2014
	Cascabel & IMDEX	IMDEX related to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$61,840	$77,180	$139,020	$114,877
Exploration management, field costs and cost reimbursements (at cost + 10%) - MAG properties [1]	195,220	24,600	219,820	318,919
	$257,060	$101,780	$358,840	$433,796

[1] Does not include drilling and assays, which are contracted out independently from Cascabel & IMDEX.

Included in trade and other payables at March 31, 2015 is $219,589 related to these services (March 31, 2014: $309,005).

The Company is obligated to a 2.5% NSR royalty on the Cinco de Mayo property payable to the principals of Cascabel under the terms of an option agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property from Cascabel, and under the terms of assignment agreements entered into by Cascabel with its principals. The Company is also obligated to a 2.5% NSR royalty to Cascabel on the Guigui mining concessions.

Upon the retirement of Dan MacInnis, former President & Chief Executive Officer, on October 15, 2013, the Company entered into a consulting contract with a private company controlled by Mr.

MacInnis who remains a director of the Company. Although the contract originally expired on December 31, 2014, it was renewed in 2015 on a per diem basis, and consulting fees of C$9,900 were accrued or paid in the quarter ended March 31, 2015 (March 31, 2015: C$137,058). Included in trade and other payables at March 31, 2015 is C$3,465 related to these services (March 31, 2014: C$47,970).

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The immediate parent and ultimate controlling party of the consolidated group is MAG Silver Corp. (incorporated in British Columbia, Canada).

The details of the Company's subsidiaries and ownership interests are as follows:

Significant subsidiaries of the Company are as follows:

			MAG' effective interest	
Name	Country of Incorporation	Principal Activity	2015 (%)	2014 (%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Pozo Seco S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Sierra Vieja S.A. de C.V.	Mexico	Exploration	100%	100%

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio"), created for the purpose of holding and operating the Juanicipio Property, is held 56% by Fresnillo plc ("Fresnillo") and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at March 31, 2015, as publicly reported. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio (see Note 6).

Compensation of Key Management Personnel including Directors

During the period, compensation of key management personnel was as follows:

	Three months ended March 31, 2015	2014
Salaries and other short term employee benefits	$ 260,805	$ 318,454
Share based payments (Note 8(b), (c), and (d))	165,592	384,534
	$ 426,397	$ 702,988

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consists of its Directors, the Chief Executive Officer and the Chief Financial Officer.

14. COMMITMENTS

As at March 31, 2015, the Company's minimum lease payments under its office lease agreement and its contractual obligations for optional mineral property acquisition payments and optional exploration work are as follows:

	Office Lease	Property Option Payments (Note 7)	Exploration Commitments (Note 7)	Total
2015	97,123	267,900	-	365,023
2016	121,852	197,375	-	319,227
2017	136,359	-	707,750	844,109
2018	139,794	-	-	139,794
2019	143,226	-	-	143,226
	$ 638,354	$ 465,275	$ 707,750	$ 1,811,379

As these consolidated financial statements have been prepared using the accrual basis of accounting (except for cash flow information), these commitments are not recorded as liabilities until incurred or until due under the terms of the option agreement.

The Company could be subject to various investigations, claims and legal and tax proceedings covering matters that arise in the ordinary course of business activities. Each of these matters would be subject to various uncertainties and it is possible that some matters may be resolved unfavourably to the Company. Certain conditions may exist as of the date of the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company is not aware of any such claims or investigations, and as such has not recorded any related provisions and does not expect such matters to result in a material impact on the results of operations, cash flows and financial position.

Other contractual obligations include a 2.5% NSR royalty under the terms of an agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the Cinco de Mayo property, and a 2.5% NSR royalty on the interest in the Guigui mining concessions (Note 7).

The Company makes cash deposits to Minera Juanicipio from time to time as cash called by operator Fresnillo (Note 6). The scale and scope of the Juanicipio project could require development capital in the years ahead exceeding the Company's on hand cash resources. It is unlikely that the Company will generate sufficient operating cash flow to meet these ongoing obligations in the foreseeable future. Accordingly the Company may need to raise additional capital by issuance of equity in the future.

15. SUBSEQUENT EVENTS

Subsequent to March 31, 2015, the Company granted 7,948 DSUs to Directors who elected to receive DSUs in lieu of cash payment for their first quarter retainer and meeting fees. The DSUs are to be share settled and vest immediately.

MAG SILVER CORP.

Management's Discussion & Analysis
For the three months ended
March 31, 2015

Dated: May 11, 2015

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

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OVERVIEW

MAG Silver Corp. ("MAG" or the "Company") is a mineral exploration and predevelopment company focused on the acquisition, exploration and development of district scale projects located within the Mexican silver belt. The Company is based in Vancouver, British Columbia, Canada, and its common shares trade on the Toronto Stock Exchange under the symbol MAG and on the NYSE MKT (formerly NYSE.A) under the symbol MVG. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador and is a reporting "foreign issuer" in the United States of America.

The following Management Discussion and Analysis ("MD&A") focuses on the financial condition and results of operations of the Company for the three months ended March 31, 2015 and 2014. It is prepared as of May 11, 2015 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2015 and the audited annual consolidated financial statements of the Company for the year ended December 31, 2014, together with the notes thereto.

All dollar amounts referred to in this MD&A are expressed in United States dollars ("US$") except where indicated as otherwise.

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

Unless otherwise specifically noted herein, all scientific or technical information in this MD&A, including reserve estimates was based upon information prepared by or under the supervision of Dr. Peter Megaw, Ph.D., C.P.G., a certified professional geologist who 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 the Company (see Related Party Transactions below).

Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this MD&A, including any information relating to the Company's future oriented financial information are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively "forward-looking statements"). All statements in this MD&A, other than statements of historical facts are forward-looking statements, including statements that address estimates of future production levels, expectations regarding mine production and development programs and capital costs, expected trends in mineral prices and statements that describe future plans, objectives or goals. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from results projected in such forward-looking statements, including, but not limited to, changes in commodities prices, changes in mineral production performance, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions, political risk, currency risk, capital cost inflation and those other risks and uncertainties identified under the heading "Risks and Uncertainties" in this MD&A and other risk factors and forward-looking statements listed in the Company's most recently filed Annual Information Form ("AIF").

Although the Company believes the expectations expressed in such forward-looking statements are based on what the Company's management considers to be reasonable assumptions, based on the information currently available to it, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Assumptions have been made including, but not limited to, the Company's ability to carry on its various exploration and development activities including project development

timelines, the timely receipt of required approvals and permits, the price of the minerals the Company produces, the costs of operating and exploration expenditures, the impact on operations of the new Mexican Tax Regime, and the Company's ability to obtain adequate financing. The Company cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. The forward-looking statements in this MD&A speak only as of the date hereof and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. There is no certainty that any forward-looking statement will come to pass and investors should not place undue reliance upon forward-looking statements. More information about the Company including its AIF and recent financial reports is available on SEDAR at www.sedar.com and on the U.S. Securities and Exchange Commission's EDGAR website at www.sec.gov.

Cautionary Note to Investors Concerning Estimates of Indicated and Inferred Mineral Resources

This MD&A uses the terms "Indicated Mineral Resources" and "Inferred Mineral Resources". MAG advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize these terms. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "Inferred Mineral Resources" have a great amount of uncertainty as to their existence. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources are considered too speculative geologically to have the economic considerations applied to them to enable them to be categorized as mineral reserves and, accordingly, Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a "Preliminary Economic Assessment" as defined under NI 43-101. Investors are cautioned not to assume that part or all of an Inferred Resource exists, or is economically or legally mineable.

FINANCIAL PERFORMANCE

At March 31, 2015, the Company had working capital of $83,737,226 (compared to $21,149,446 at March 31, 2014), including cash of $83,268,077 (compared to $20,072,036 at March 31, 2014). The Company currently has sufficient working capital to maintain all of its properties and currently planned programs extending beyond the next 12 months.

Three months Ended March 31, 2015

The Company's net loss for the three months ended March 31, 2015 amounted to $2,536,174 (March 31, 2014: $1,093,162). The net loss increased in the current quarter compared to prior period, primarily as a result of a foreign exchange loss of $1,093,759 (March 31, 2014: $620,912 gain) which resulted primarily from holding Canadian dollar ("C$") net monetary assets while the US$ strengthened against the C$ (from December 31, 2014 to March 31, 2015, the US$/C$ exchange rate changed from 0.8620 to 0.7895). The gain of $620,912 in the comparable quarter ended March 31, 2014 is not directly comparable to the current quarter's loss, as it was determined under a Canadian dollar functional currency in the MAG corporate entity which has since changed to the US$ (see Note 2(k) in the March 31, 2015 unaudited condensed interim consolidated financial statements). Consequently, there is no currency translation adjustment in the current quarter, whereas the gain of $620,912 in the comparable quarter ended March 31, 2014 was offset by a currency translation loss of $1,002,367. A portion of the Company's cash is used to fund Canadian dollar expenditures and is held in C$ (US$ equivalent of $8,239,255 as at March 31, 2015). The Company's advances and interest in the Salamandra earn in option are also denominated in C$ (US$ equivalent of $3,582,220 as at March 31, 2015 - see *Results of Operations* below). These C$ assets are exposed to exchange risk relative to the US$, and result in an unrealized gain or loss as the exchange rate fluctuates.

Management compensation and consulting fees decreased to $404,758 (March 31, 2014: $601,467) in the quarter ended March 31, 2015. A consulting contract with a company controlled by the former President & Chief Executive Officer, Mr. Dan MacInnis, expired on December 31, 2014, but was renewed on a per diem basis effective January 1, 2015 resulting in fees of C$9,900 in the quarter ended March 31, 2015 (March 31, 2014: C$137,058).

The Company granted no stock options in the quarter ended March 31, 2015 (March 31, 2014: nil) but recorded $210,087 (March 31, 2014: $434,408) of share based expense (a non-cash item) relating to stock options vesting to

employees and consultants in the period. The fair value of all stock option share-based compensation is estimated using the Black-Scholes-Merton option valuation model. During the quarter ended March 31, 2015, the Company granted no Deferred Share Units ("DSUs") and no Restricted Share Units ("RSUs") (March 31, 2014: nil and nil) but recorded a share-based payment expense of $110,954 (March 31, 2014: $Nil) related to DSUs and RSUs that vested in the period. The fair value of the DSUs and RSUs was determined using the fair market value of the common shares on the date of grant.

During the quarter ended March 31, 2015, the Company recognized an impairment of $74,794 (March 31, 2014: Nil) in the consolidated statement of loss, on certain marketable securities strategically held and designated as available for sale instruments.

Other expenses incurred during the quarter ended March 31, 2015, accounting and audit of $86,319 (March 31, 2014: $96,956), amortization of $3,942 (March 31, 2014: $5,950), filing & transfer agent fees of $153,379 (March 31, 2014: $117,323), general office expenses of $131,003 (March 31, 2014: $142,173), legal of $37,782 (March 31, 2014: $106,548), property investigation of $101,557 (March 31, 2014: $63,487), shareholder relations of $145,371 (March 31, 2014: $96,969) and travel of $74,601 (March 31, 2014: $80,791) were all either comparable with the period ended March 31, 2014 or the change was not significant to the overall operations of the period.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters (as determined under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")):

Quarter Ending	Revenue(1)	Net Loss(2)	Net Loss per share
March 31, 2015	$92,132	$(2,536,174)	$(0.04)
December 31, 2014	$104,655	$(9,302,738)	$(0.14)
September 30, 2014	$71,600	$(3,680,228)	$(0.05)
June 30, 2014	$28,662	$(2,057,075)	$(0.03)
March 31, 2014	$32,718	$(1,093,162)	$(0.02)
December 31, 2013	$41,540	$(16,004,239)	$(0.27)
September 30, 2013	$42,362	$(1,488,348)	$(0.02)
June 30, 2013	$52,630	$(10,220,693)	$(0.17)

Notes:

(1) The Company's only source of revenue during the quarters listed above was interest earned on bank cash balances. The amount of interest revenue earned correlates directly to the amount of cash on hand during the period referenced and prevailing interest rates. At this time, the Company has no operating revenues.

(2) Net losses by quarter are often materially affected by the timing and recognition of large non-cash expenses (specifically share based payments, exploration and evaluation property write-offs, and deferred tax expense) as described in "Financial Performance" and in "Results of Operations" when applicable.

RESULTS OF OPERATIONS

The following discussion is a summary of, and an update to, disclosure in documentation filed with regulatory agencies and available for viewing under MAG's profile on the SEDAR website at www.sedar.com and on SEC's EDGAR website at www.sec.gov.

Juanicipio Property

The Company owns 44% of Minera Juanicipio S.A. de C.V. ("Minera Juanicipio"), a Mexican incorporated joint venture company, which owns and operates the high grade Juanicipio Property, located in the Fresnillo District, Zacatecas State, Mexico. Underground ramp development and exploration drilling on the Juanicipio property are being conducted by the project operator, Fresnillo plc ("Fresnillo"), which holds the remaining 56% interest in the joint venture. Exploration and development programs for the Juanicipio Property are designed by the Minera Juanicipio Technical Committee, and approved by the Minera Juanicipio Board of Directors. The Company's share of costs is funded primarily through its 44% interest in Minera Juanicipio, and to a lesser extent, incurred directly by the Company to cover expenses related to parallel technical studies and analyses commissioned by the Company, as well as direct oversight of the ramp development and the drilling programs executed on the property.

For the three months ended March 31, 2015, the Company's total combined expenditures on the Juanicipio property amounted to $2,190,413 (March 31, 2014: $1,779,418), and included $2,156,000 (March 31, 2014: $1,628,000) for its 44% share of cash advances, and a further $34,413 (March 31, 2014: $151,418) expended directly by the Company on project oversight. Total Juanicipio expenditures incurred directly by Minera Juanicipio for the quarter ended March 31, 2015 amounted to approximately $2.3 million (March 31, 2014: $1.3 million) and were incurred primarily for the ramp advancement and some detailed engineering (see "*Underground Development Program*" below), and for ongoing exploration (see *"Exploration Program"* below).

Underground Development Program

Underground development commenced at the Juanicipio project on October 28, 2013. The development program is based on recommendations made to Minera Juanicipio in a 2012 Preliminary Economic Assessment carried out by AMC Mining Consultants (Canada) Ltd. (see press release dated June 14, 2012) ("2012 PEA"). The 2012 PEA was subsequently reproduced in 2014 by Roscoe Postle Associates Inc. ("RPA") in their amended and restated NI 43-101 technical report documenting a 2014 updated Mineral Resource estimate, filed on SEDAR on July 3, 2014 (the "Amended Technical Report") – see *Press Release dated May 27, 2014*. In the Amended Technical Report, RPA stated that the results of the 2012 PEA remain a reasonable representation of the property's economic potential.

The economic analysis in the 2012 PEA is preliminary in nature and is based, in part, on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

According to the 2012 PEA timeline, the first 33 months of development focuses primarily on ramp decline. To date, the entry portal, surface explosives magazines, surface offices and associated infrastructure have been completed. The initial ramp decline was advanced primarily utilizing a continuous miner until March 2014, and then to December, 2014 with conventional drill and blast cycles as well as with the continuous miner, depending on ground conditions. The continuous miner was retired in mid-December, 2014 and the ramp is now advancing exclusively with drilling and blasting. It appears that the near-surface zone of variable rock quality has been passed and that the expected consistently better rock quality zones have now been reached. As a result, the ramp decline development has seen a sustained improvement in the advance rate, and is now approaching 90-95 metres per month, with the cumulative ramp having surpassed 1,200 metres.

A photo gallery of progress at Juanicipio is available at http://www.magsilver.com/s/PhotoGallery.asp?ReportID=610413.

Exploration Program

Exploration drilling results from the quarter ended March 31, 2015 on the Valdecañas Vein were reported by the Company subsequent to the quarter end (see press release dated April 23, 2015). Four new exploration step-out holes were targeted approximately 100 metres below the existing "Deep Zone" Indicated and Inferred Resources reported in Amended Technical Report. The four holes were drilled on 150 metre centres over a strike length of approximately 500 metres below the en echelon overlap zone between the East and West Valdecañas Veins and include the three widest and deepest intercepts to date on the property (see Table 1). This new zone appears to be the extension of the

southwest dipping Valdecañas Veins and it remains open to depth along the entire strike length within the Joint Venture boundary.

Table 1: Assay Results – Exploration Step Out Holes P1-P4[1]

Hole-ID Valdecañas Vein West ("W") East ("E")	From	To	Interval (m) [3]	[2] True Width (m) [3]	Gold (g/t) [3]	Silver (g/t) [3]	Silver (opt)[3]	Lead (%)	Zinc (%)	Copper (%)	Capping[4]
P1 (W)	941.80	955.30	13.50	11.69	1.45	103	3.0	2.24	4.31	0.18	
Incl	941.80	949.20	7.40	6.41	1.96	169	4.9	3.60	7.03	0.26	
Incl	943.00	947.20	4.20	3.64	3.12	213	6.2	3.25	8.19	0.32	
P2 (W)	981.50	1010.15	28.65	22.06	2.98	195	5.7	5.36	6.64	0.45	
Incl	984.55	986.20	1.65	1.27	0.61	267	7.8	11.75	13.67	0.21	
Incl	992.65	994.90	2.25	1.73	11.40	97	2.8	2.25	4.87	0.25	
Incl	995.95	1008.95	13.00	10.01	3.85	308	9.0	8.67	8.39	0.73	
Incl	999.95	1002.95	3.00	2.31	0.48	466	13.6	4.58	10.02	1.70	
Incl	1006.95	1008.95	2.00	1.54	14.55	403	11.8	16.33	16.50	0.22	
Incl	1006.95	1007.95	1.00	0.77	16.00	564	16.5	20.00	14.20	0.20	
or	*1006.95*	*1007.95*	*1.00*	*0.77*	***84.70***	*564*	*16.5*	*20.00*	*14.20*	*0.20*	***Uncapped***
P3-2 (E)	761.50	764.25	2.75	2.12	1.13	467	13.6	2.39	6.38	0.04	
and (W)	940.20	974.55	34.35	26.45	2.65	405	11.8	3.22	4.09	0.37	
Incl	948.25	950.25	2.00	1.54	9.45	172	5.0	7.78	6.78	0.30	
incl	959.55	972.80	13.25	10.20	4.94	919	26.8	5.25	4.87	0.62	
incl	963.55	964.55	1.00	0.77	16.00	770	22.5	7.98	18.35	0.62	
or	*963.55*	*964.55*	*1.00*	*0.77*	***161.50***	*770*	*22.5*	*7.98*	*18.35*	*0.62*	***Uncapped***
incl	969.20	972.80	3.60	2.77	8.26	2,804	81.8	4.99	2.66	1.04	
or	*969.20*	*972.80*	*3.60*	*2.77*	*8.26*	***8,751***	*255.2*	*4.99*	*2.66*	*1.04*	***Uncapped***
incl	969.80	970.80	1.00	0.77	11.50	6,000	175.0	8.28	2.90	2.18	
or	*969.80*	*970.80*	*1.00*	*0.77*	*11.50*	***27,411***	*799.5*	*8.28*	*2.90*	*2.18*	***Uncapped***
P4 (W)	1006.00	1051.20	45.20	32.09	0.80	137	4.0	1.50	6.50	0.82	
incl	1006.00	1023.25	17.25	12.25	1.50	118	3.4	2.77	14.52	0.44	
incl	1007.55	1017.30	9.75	6.92	2.29	127	3.7	3.79	18.78	0.33	
incl	1010.55	1014.25	3.70	2.63	0.42	128	3.7	5.10	25.24	0.27	
incl	1015.25	1017.30	2.05	1.46	9.43	201	5.9	2.69	16.87	0.78	
incl	1039.35	1050.20	10.85	7.70	0.17	326	9.5	1.79	3.86	2.36	
incl	1039.35	1042.35	3.00	2.13	0.11	672	19.6	5.65	6.78	4.18	

(1) Cross section and longitudinal sections diagrams available at www.magsilver.com/s/NewsReleases.asp?ReportID=704889 .

(2) True widths were estimated/measured from cross sections.

(3) Legend: metres ("m"); grams per tonne ("g/t"); ounces per ton ("opt").

(4) Unless otherwise indicated as uncapped, all silver assays over 6,000 g/t were capped at 6,000 g/t and all gold assays over 16 g/t were capped at 16 g/t, consistent with the capping used for the existing Indicated and Inferred Resources (Amended Technical Report).

These intercepts widen progressively up to 32.09 metres (true widths) towards the east in the central portion of the property, significantly extending the widening Deep Zone to depth. The intercepts also show significant amounts of calc-silicate (skarn) alteration in and around the veins and the first significant copper values for the entire area; both indications of higher temperature mineralization conditions. The high silver and gold in Holes P2 and P3 coincide with zones of overprinted quartz veins that cut across earlier base-metal rich calc-silicate vein stages, indicating superimposition of an additional precious-metals rich vein stage. The appearance of copper and strong skarn alteration in this area, combined with the later cross-cutting silver-gold rich veining, suggests that Minera Juanicipio may have hit an ore-fluid upwelling zone, which could open up a new exploration target zone along the Valdecañas vein system.

Quality Assurance and Control: The samples are shipped directly in security sealed bags to ALS-Chemex Laboratories preparation facility in Guadalajara, Jalisco, Mexico (Certification ISO 9001). Samples shipped also include intermittent standards and blanks. Pulp samples are subsequently shipped to ALS-Chemex Laboratories in North Vancouver, Canada for analysis. Two extra pulp samples are also prepared and are analyzed (in progress) by SGS Laboratories (Certification ISO 9001) and Inspectorate Laboratories (Certification ISO 9001) (or other recognized lab). The bulk reject is subsequently sent to CIDT (Center for Investigation and Technical Development) of Peñoles in Torreon, Mexico for metallurgical testing where a fourth assay for each sample is analyzed and a calculated head grade is received on the basis of a concentrate balance. The CIDT also does a full microscopic, XRF and XRD mineralogical analysis.

Cinco de Mayo Property

The Cinco de Mayo Project is a 25,000 hectare district scale project owned 100% by the Company. Cinco de Mayo is located approximately 190 kilometres north of the city of Chihuahua, in northern Chihuahua State, Mexico. The project consists of four major mineralized zones (the Upper Manto silver-lead-zinc body, the Pegaso deep discovery, the non-core Pozo Seco high grade molybdenum-gold resource area, and the surrounding Cinco de Mayo exploration area) and includes the Upper Manto mineral resource estimate.

Upper Manto (Jose Manto - Bridge Zone)

In 2012, drilling demonstrated that mineralization was continuous from the Jose Manto through the Bridge Zone to Cinco Ridge, which is now collectively referred to as the "Upper Manto" to differentiate it from mineralization hit at depth in the "Pegaso Zone" (see below). On October 3, 2012, MAG announced that Roscoe Postle Associates Inc. ("RPA") had completed the first independent mineral resource estimate for the Upper Manto zone. The NI 43-101 compliant technical report entitled "Technical Report on the Upper Manto Deposit, Chihuahua, Mexico," authored by Mr. David Ross, P.Geo., an employee of RPA and independent of MAG, was filed on SEDAR on November 16, 2012. Inferred Mineral Resources are estimated to be 12.45 million tonnes at 132 g/t (3.9 opt) silver, 0.24 g/t gold, 2.86% lead, and 6.47% zinc (9.33% lead plus zinc), as reported at a NSR cut-off value of US$100/tonne.

The Pegaso Zone (Hole CM12-431)

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

The mineralized intercepts in hole CM12-431 start at 730 metres down hole and continue to nearly a depth of 1,000 metres down hole (approximately 900 metres vertical depth). The Pegaso Zone is the thickest and deepest intercept, beginning at 927 metres down hole and continuing for 61.6 metres with an average grade of 89 g/t (2.6 opt) silver, 0.78 g/t gold, 0.13% copper with 2.1% lead and 7.3% zinc; including: 31.9 metres that grades 117 g/t (3.4 opt) silver, 1.13 g/t gold, 0.16% copper with 2.7% lead and 9.3% zinc. The gold and copper grades in all four intercepts are the

highest and most consistent yet encountered on the project. Significantly, broad zones of coarse marble and pervasive tungsten-bearing garnet skarn occur above, between and below the massive sulphide zones, but no intrusions were seen in hole CM12-431 and very little of the sulphides encountered to date in the Pegaso Zone appear to be replacing skarn silicates. These results suggest both that the near-intrusion source zone is nearby but has not yet been reached.

Summary of combined Upper Manto-Pegaso Zone results

Combining hole CM12-431 with Upper Manto holes CM12-392 and CM12-399, plus shallower drilling throughout the Upper Manto area, indicates that mineralization is continuous from 125 metres to 900 metres vertical depth, with a significant broadening in the Pegaso Zone between 800 and 900 metres depth. This broadening coincides with an increase in skarn alteration and increasing zinc, gold and copper grades – consistent with what MAG's CRD zoning model predicts as a source zone is approached. Overall, near-surface Upper Manto mineralization appears higher in silver and lead than the deeper Pegaso Zone mineralization which is richer in zinc, copper and gold. The combined vertical metals and alteration zoning and broadening of mineralization is typical of CRD systems worldwide and strongly indicates that the source intrusion is being approached. The overall strength and style of mineralization and alteration further indicate that this source zone may be very large. The degree of mineralization seen so far indicates that the source intrusion could be surrounded by very large-scale mineralization. However, further exploration and drilling is required and can resume only upon obtaining the Soil Use Change Permit, drill permits and a surface access agreement with the local Ejido (see below).

Quarter ended March 31, 2015

In the three months ended March 31, 2015, the Company incurred exploration and evaluation costs of $368,500 (March 31, 2014: $348,353) on the Cinco de Mayo property. The principal focus of work has been in preparation for and related to negotiations with the local Ejido (see '"Soil Use Change Permit" and surface access below) which has included meetings with State and Federal authorities, several legal advisors, and Community Relations advisors in Mexico. No drilling is being undertaken nor planned as the Company remains in the process of negotiating a renewed surface access agreement with the local Ejido.

"Soil Use Change Permit" and surface access

As of 2012, exploration drilling permits in Mexico require a "Soil Use Change Permit," reflecting conversion of land from agricultural to industrial use. In mid-2012, the Company was in the process of negotiating ordinary course surface access permissions with the Ejido Benito Juarez (the "Ejido") as the final component in the application for the required Soil Use Change Permit. The Company had a long-standing and productive working relationship with this Ejido and had previously purchased 41 specific rights relating to relevant areas of the Cinco de Mayo project area for $660,000 from certain Ejido members. This purchase was ratified by an official Assembly of the Ejido and registered and ratified by the Federal Agrarian Authority. The Company was awaiting formal title transfer of the surface rights, when certain members of the Ejido challenged the purchase claiming the 41 rights purchased represented a 41/421 undivided interest in the Ejido owned surface rights, rather than rights to exclusive areas of the property. Then on November 17, 2012, at what the Company maintains was an illegally constituted Assembly, the Ejido voted to order MAG to vacate the surface of its Cinco de Mayo property (the mineral concession rights were not affected).

Various Ejido members legally challenged the Assembly meeting on the grounds that proper notice was not given, key signatures required to properly call the meeting were fraudulent, and that the vote taken at the meeting was fraught with irregularities, including a significant number of votes being cast by unverified proxies. MAG had expected that the Assembly and the resolutions passed would be nullified by the Fifth Unified Agrarian Tribunal ("the Tribunal"), but the Company was notified during the first quarter of 2014 that the Tribunal had rejected the Ejido challenge. The ruling was made on narrow technical grounds and did not speak to the merits of the actions of the Assembly. The Tribunal did note that a new vote of a majority of Ejido members can revoke the actions of the challenged Assembly at any time. The Company has been advised that an appeal of the ruling, based on failure of the Tribunal to consider broader requirements of the Agrarian Law, was promptly filed with the Mexican Supreme Court by the same Ejido members. It was expected that the appeal would have been considered by Courts in the latter half of 2014, but to date it has not, nor has a date for a hearing been set. The Company has no input or involvement in the appeal process, as it is Ejido members who have filed the appeal.

As permission of the Ejido assembly is required to obtain surface access, MAG continues to pursue negotiations with the Ejido, and anticipates that the Tribunal's ruling (and the outcome of the pending appeal) will have minimal practical impact on the ratification by the Ejido of any settlement agreement that may ultimately be reached. While no assurances can be given, MAG is continuing the negotiation process with the intent of arriving at a settlement agreement that would be fully supported at a properly constituted Assembly. Although there is no certainty that a new vote would produce a favourable outcome for the Company, MAG believes that the opposition group and its supporters do not represent the will of the majority of the 421 voting members of the Ejido (or of the 12,000 other citizens in the project area).

The Company remains willing to work with the Ejido and the greater community to define a comprehensive Corporate Social Responsibility Program ("CSR") to coincide with the next phases of our exploration activity. MAG's goal is to continue its working relationship and ensure the Ejido and the greater community benefit from the expected successes and growth at Cinco de Mayo.

Salamandra Property

In 2013, the Company entered into an option agreement with Canasil Resources Inc. ("Canasil") whereby the Company can earn up to a 70% interest in CRD Minerals Corp., a company which owns Canasil's 14,719 hectare Salamandra property located in Durango State, Mexico. The Company paid Canasil C$150,000 upon signing the agreement, and a further C$150,000 upon the first anniversary of the agreement. To earn an initial 55% interest in the property, the Company must make additional cash payments to Canasil of C$450,000 over the next two annual anniversary dates of the agreement, and complete C$5,500,000 in exploration expenditures by May 23, 2017. As of March 31, 2015 the Company had drilled 10,112 metres on the property, and incurred approximately C$4.5 million in eligible exploration expenditures under the terms of the option agreement.

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

Salamandra appears to be a typical Mexican CRD-Skarn and is very similar to MAG's Cinco de Mayo Project; the same exploration model that drove successful exploration there is being applied to Salamandra. Salamandra lies 80 kilometres northwest of Mexico's largest known silver-lead-zinc CRD-skarn deposit, the Sabinas-San Martin district. Both Salamandra and Sabinas-San Martin are favorably positioned at the intersection of the Mexican CRD belt (that also hosts MAG's Cinco de Mayo CRD project) and the Fresnillo trend (that hosts MAG's Juanicipio Project).

In quarter ended March 31, 2015, the Company directly expended $21,023 (March 31, 2014: $144,684) on the Salamandra property, and a further $73,447 (March 31, 2014: $1,229,740) was expended indirectly through advances under the option earn-in agreement. All drill results to date have been systematically reviewed by the Company and the results are being used to refine the geologic exploration model and revise earlier interpretations of extensive Canasil airborne and ground geophysical data. Definition of new drill targets for Phase 3 drilling is currently being finalized for a drill program expected to start early in the third quarter.

Guigui Property

The Guigui project is a 100% interest in a 4,500-hectare property in the Santa Eulalia Mining District, home to the world's largest CRD camp. Strong aerial magnetic anomalies were identified in late 2007 but could not be drilled because they straddle the eastern border of the original "Guigui" claim and continued into ground covered by the Juarez Mega-Claim filed by the Mexican Geological Service in mid-2007. This adjoining part of the Juarez concession was liberated in July 2013 and the Company filed for and obtained the additional 3,800 hectare "Guiguito" concession. The combined property now consists of roughly 8,300 hectares.

The Company incurred $119,025 (March 31, 2014: $49,478) on the Guigui project during the three months ended March 31, 2015. Mapping, sampling and rehabilitation of roads into the newly acquired adjoining ground are underway, and negotiations have been completed with the surface owners for the surface access permissions needed

for Soil Use Change and drilling permits. Surface-based geophysical surveys are also being considered in preparation for a 2015 drill program that the Company plans to undertake.

OUTLOOK

The Company continues to explore its properties in Mexico and intends to enhance its project portfolio through successful exploration and project development. Although the Company's working capital position remains strong, the Company continues to execute its business plan prudently, with an on-going focus on high-grade, district scale potential properties.

Minera Juanicipio Outlook

The Technical Committee and Board of Directors of Minera Juanicipio, comprised of representatives from both Fresnillo and the Company, meet several times per year to discuss the business of Minera Juanicipio and to review and approve plans for the exploration and development of the Juanicipio property. The 2012 PEA provides a framework on which the Technical Committee guides the continued advancement of the project. The 2012 PEA indicated a project development and production schedule of approximately 3.5 years from the start of development, specifically: "Following satisfactory completion of further studies, and subject to the application and grant of the necessary permits and licenses, it is estimated that it will take approximately three and a half years to develop the project from the start of the box cut and portal to mill start up." Although Minera Juanicipio has not formally made a "production decision," Fresnillo has publically reported that it expects that Juanicipio will be in production by approximately 2018. The Company believes the timeline laid out in the 2012 PEA is reasonable and attainable, but the actual schedule to production is still under review by Minera Juanicipio, and there are no assurances that a formal development decision will be made and that mine development and production will be achieved in accordance with the 2012 PEA.

Minera Juanicipio's planned 2015 development expenditures are approximately $7.1 million (MAG's 44% share is $3.1 million), and are designated primarily for continued ramp advancement and associated underground mining infrastructure as outlined in the 2012 PEA, as well as some metallurgical and geotechnical studies. The larger capital expenditures items associated with the mine development have not yet been approved by Minera Juanicipio.

Minera Juanicipio's planned 2015 exploration expenditures are approximately $2.1 million (MAG's 44% share is $0.9 million). The exploration results reported above (see "*Juanicipio Property*" above) are part of ongoing exploration being carried out by Minera Juanicipio, with the four holes presented above being exploration step-outs beneath the previous deepest drilling on the property. The results of these four new deep exploration holes will be reviewed at an upcoming Technical Committee meeting.

As at March 31, 2015, Minera Juanicipio had $2.1 million in cash available for 2015 exploration and development expenditures, and subsequent to the quarter end, made an additional $2.1 million cash call (MAG's 44% share $924,000) to MAG and Fresnillo.

Cinco de Mayo Outlook

No active exploration is currently being undertaken on the Cinco de Mayo property, as the Company remains in the process of negotiating a renewed surface access agreement with the local Ejido, after being asked to vacate the property in November 2012. The Company continues to work diligently to negotiate renewed access to the Company's mining claims. MAG believes that the surface access issue will be overcome, and that the requisite authorizations to complete its submission for the Soil use Change Permit will be obtained in due course. However, the overall timeline to successful resolution is not determinable at this time, and will depend upon various factors including but not limited to: the ability of the Company to arrive at a settlement agreement that would be fully supported by the majority of the Ejido; and, the ability of the Ejido to conduct a properly constituted Assembly meeting, with quorum, and favourable outcome.

Further exploration and drilling can resume only upon obtaining the Soil Use Change Permit, drill permits and a surface access agreement with the local Ejido.

Salamandra Outlook

With Phase I and II drilling completed in 2014, the geological system remains open in all directions. MAG has since reviewed all the drill holes to date and completed a comprehensive core review and geological reinterpretation of the system. With this analysis and the Company's improved understanding of the system, an updated three dimensional model has been assembled. Drill targets are currently being finalized, and Phase III drilling is expected to commence early in the third quarter, which when completed, would fulfill the exploration commitments required under the Company's 55% earn in option.

OUTSTANDING SHARE DATA

The Company's authorized capital consists of an unlimited number of common shares without par value. As at May 11, 2015, the following common shares and stock options were outstanding:

	Number of Shares	Exercise Price or Conversion Ratio	Remaining Life
Capital Stock	69,173,076		
Stock Options	3,901,940	\$5.86 - \$12.19	6 months to 4.3 years
Restricted Share Units("RSUs")	55,278	1:1	4.2 years
Deferred Share Units ("DSUs")	131,420	1:1	n/a [1]
Fully Diluted	73,261,714		

[1] To be share settled, but no common shares are to be issued in respect of a participant in the DSU Plan prior to such eligible Director's termination date.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2015 the Company had 69,173,076 common shares issued and outstanding (March 31, 2014: 60,209,554), and currently has 69,173,076 common shares issued and outstanding as at May 11, 2015.

As at March 31, 2015, the Company had working capital of \$83,737,226 (March 31, 2014: \$21,149,446), including cash of \$83,268,077 (March 31, 2014:\$20,072,036). The increase in cash on hand over the prior period is a result of a bought deal public financing that closed on July 16, 2014 along with the balance of the overallotment option that closed on August 18, 2014, for combined gross proceeds of \$80,017,125 (C\$86,284,500). The Company issued a total of 8,418,000 common shares at C\$10.25 per share. As outlined in the prospectus offering, the majority of the funds raised are designated for the Juanicipio project, with the balance for working capital and general corporate purposes. This intended use of the proceeds is being adhered to in all material respect.

Accounts receivable as at March 31, 2015 totaled \$296,812 (March 31, 2014: \$1,163,314) and is comprised primarily of Mexican value added taxes ("IVA") repayable to the Company by the Government of Mexico, for which the Company expects a full recovery. Current liabilities at March 31, 2015 amounted to \$588,978 (March 31, 2014: \$1,138,153) and are attributable to accrued exploration and administrative expenses.
During the quarter ended March 31, 2015, 239,100 stock options were exercised for cash proceeds of \$1,441,126 (March 31, 2014: 67,836 stock options were exercised for cash proceeds of \$336,695) and 220,500 additional stock options were exercised under a less dilutive cashless exercise provision of the plan, whereby 73,440 shares were issued in settlement of the stock options (March 31, 2014 – nil).

The primary use of cash in the quarter ended March 31, 2015 was to fund operations. Advances to Minera Juanicipio combined with MAG's Juanicipio expenditures on its own account, totaled \$2,191,673 during the quarter ended (March 31, 2014: \$1,755,906). The Company makes cash deposits to Minera Juanicipio as 'cash called' by operator Fresnillo, based on approved joint venture budgets. In the quarter ended March 31, 2015, the Company also expended

$437,030 (March 31, 2014: $357,726) on its other exploration and evaluation properties, and $108,625 (March 31, 2014: $1,374,424) on the Salamandra earn in option.

The Company currently has no debt and has sufficient working capital ($83.7 million) to maintain all of its properties and currently planned programs for a period in excess of the next year. However, the Company may require additional capital in the future to meet its project related expenditures, including its cash calls on the Juanicipio project. As noted above, on October 28, 2013, the Company announced that Fresnillo, as operator, had commenced the underground development and the access decline at the Juanicipio Project based on the results of the 2012 PEA. The 2012 PEA estimated total project capital costs of $302 million inclusive of capitalized operating costs (MAG's 44% share is US$133 million) over 3.5 years from the start of development. As the first 32 months of development, as envisioned under the 2012 PEA, are primarily focused on the ramp decline, the majority of the capital costs are not expected to be incurred until the latter part of the development schedule. Minera Juanicipio has not yet evaluated and proposed a budget for 2016 and beyond. However, the scale and scope of the complete development of the Juanicipio Project will require capital over the next three years exceeding the Company's cash on hand resources. In addition, the 2012 PEA is preliminary in nature, and actual costs and development time, may exceed those laid out in the 2012 PEA. It is unlikely that the Company will generate sufficient operating cash flow to fund its share of development costs, and accordingly, future liquidity will therefore depend upon the Company's ability to arrange debt or additional equity financings. The inability of the Company to fund its 44% share of cash calls would result in dilution of the Company's ownership interest in Minera Juanicipio, in accordance with the shareholders agreement.

Contractual Obligations

The following table discloses the contractual obligations of the Company (as at the date of this MD&A) for optional mineral property acquisition payments, optional exploration work and committed lease obligations for office rent and equipment. Based on exploration results, the Company will select at its discretion, only certain properties to complete option and purchase arrangements on.

Option Payments Expenditures	**Total**	**Less than 1 year**	**1-3 Years**	**3-5 Years**	**More than 5 years**
Salamandra [(1)]	$ 355,275	$ 157,900	$ 197,375	$ -	$ -
Cinco De Mayo [(2)]	106,000	106,000	-	-	-
Subtotal - Option Payments	$ 461,275	$ 263,900	$ 197,375	$ -	$ -
Exploration & Evaluation Expenditures					
Salamandra [(1)]	707,750	-	707,750	-	-
Juanicipio [(3)]	-	-	-	-	-
Subtotal - Exploration & Evaluation	$ 707,750	$ -	$707,750	$ -	$ -
Option Payments and Exploration Expenditures – Total	**$ 1,169,025**	**$ 263,900**	**$ 905,125**	**$ -**	**$ -**
Office Lease	616,771	130,927	316,459	169,385	-
Total Obligations	**$ 1,785,796**	**$ 394,827**	**$ 1,221,584**	**$ 169,385**	**$ -**

[(1)] Salamandra property option payments of C$450,000 ($355,275) and exploration expenditure commitments of $707,750 by May 23, 2017 in order to exercise an initial 55% interest in the property. An additional C$20 million of exploration expenditures (or the delivery of a feasibility study) over the four years following the initial 55% earn in, is required to exercise an additional 15% option on the property.

[(2)] Cinco de Mayo property option payments of $106,000 on two auxiliary claims acquired in 2010.

[(3)] The Company makes cash deposits to Minera Juanicipio as cash called by operator Fresnillo, based on annual Minera Juancipio budgets. The scale and scope of the Juanicipio project will require development capital in the years ahead exceeding

the Company's cash on hand resources. As noted above in this section, it is unlikely that the Company will generate sufficient operating cash flows to meet these ongoing obligations in the foreseeable future. Accordingly the Company will need to raise additional capital in the future and is currently evaluating debt, equity, and other financing alternatives in order to continue to fund its share of cash calls and avoid dilution of its ownership interest.

Other contractual obligations include: a 2.5% NSR royalty on the Cinco de Mayo property under the terms of an agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property; and a 2.5% NSR royalty on the Guigui mining concessions.

The Company may provide guarantees and indemnifications in conjunction with transactions in the normal course of operations. These are recorded as liabilities when reasonable estimates of the obligations can be made. Indemnifications that the Company has provided include an obligation to indemnify directors and officers of the Company for potential liability while acting as a director or officer of the Company, together with various expenses associated with defending and settling such suits or actions due to association with the Company. The Company has a comprehensive directors and officers liability insurance policy that could mitigate such costs to the Company.

Other Items

The Company is unaware of any undisclosed liabilities or legal actions against the Company and the Company has no legal actions or cause against any third party at this time other than the claims of the Company with respect to its purchase of 41 land rights within the Cinco de Mayo property boundaries, and the associated surface access negotiations with the Ejido (see '"*Soil Use Change Permit" and surface access*' above). It is anticipated that the ultimate resolution to this situation will include a comprehensive CSR program to coincide with the next phases of our exploration activity.

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

ADDITIONAL DISCLOSURE

Trend Information

Other than the Company's obligations under its property option agreements (see '*Contractual Obligations*' above) and to the Minera Juanicipio joint venture, there are no demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The nature of the Company's business is demanding of capital for property acquisition costs, exploration commitments and holding costs. The Company's liquidity is affected by the results of its own acquisition, exploration and development activities. The acquisition or discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect. The Company will require sufficient capital in the future to meet its acquisition payments and other obligations under property option agreements for those properties it considers worthy to incur continued holding and exploration costs upon (see '*Liquidity and Capital Resources*' above).

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company, including the risk factors discussed under the heading "Risk Factors" in the Company's most recent Annual Information Form ("AIF") dated March 25, 2015 available on SEDAR at www.sedar.com and www.sec.gov.

The volatile global economic environment has created market uncertainty and volatility in recent years. The Company remains financially strong and will monitor the risks and opportunities of the current environment carefully. These macro-economic events have in the past, and may again, negatively affect the mining and minerals sectors in general. The Company will consider its business plans and options carefully going forward.

In the normal course of business, the Company enters into transactions for the purchase of supplies and services denominated in Canadian dollars or Mexican Pesos. The Company also has cash and other monetary assets and liabilities denominated in Canadian dollars and Mexican Pesos. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates (see Note 10(c) in the unaudited interim consolidated financial statements of the Company as at March 31, 2015).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company does not have offices or direct personnel in Mexico, but rather is party to a Field Services Agreement, whereby it has contracted administrative and exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("IMDEX"). Up until June 24, 2014, these companies had a common director (Dr. Peter Megaw) with the Company. Dr. Megaw has since been appointed Chief Exploration Officer of the Company, although he continues to be remunerated through IMDEX as outlined below. Dr. Megaw is also a principal of both IMDEX and Cascabel. All transactions are incurred in the normal course of business, and are negotiated on terms between the parties which represent fair market value for all services rendered. A significant portion of the expenditures are incurred on the Company's behalf, and are charged to the Company on a "cost + 10%" basis typical of industry standards.

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

For the three months ended March 31			2015	2014
	Cascabel & IMDEX	IMDEX related to Dr. Megaw	Total	Total
General consulting, travel and administration fees	$61,840	$77,180	$139,020	$114,877
Exploration management, field costs and cost reimbursements (at cost + 10%) - MAG properties [(1)]	195,220	24,600	219,820	318,919
	$257,060	$101,780	$358,840	$433,796

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

Included in trade and other payables at March 31, 2015 is $219,589 related to these services (March 31, 2014: $309,005).

The Company is obligated to a 2.5% NSR royalty on the Cinco de Mayo property payable to the principals of Cascabel under the terms of an option agreement dated February 26, 2004, whereby the Company acquired a 100% interest in the property from Cascabel, and under the terms of assignment agreements entered into by Cascabel with its principals. The Company is also obligated to a 2.5% NSR royalty to Cascabel on the Guigui mining concessions.

Upon the retirement of Dan MacInnis, former President & Chief Executive Officer, on October 15, 2013, the Company entered into a consulting contract with a private company controlled by Mr. MacInnis who remains a director of the Company. Although the contract originally expired on December 31, 2014, it was renewed in 2015 on a per diem basis, and consulting fees of C$9,900 were accrued or paid in the quarter ended March 31, 2015 (March 31, 2015: C$137,058). Included in trade and other payables at March 31, 2015 is C$3,465 related to these services (March 31, 2014: C$47,970).

Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

The immediate parent and ultimate controlling party of the consolidated group is MAG Silver Corp. (incorporated in British Columbia, Canada).

The details of the Company's subsidiaries and ownership interests are as follows:

Significant subsidiaries of the Company are as follows:

Name	Country of Incorporation	Principal Activity	MAG' effective interest 2015 (%)	2014 (%)
Minera Los Lagartos, S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Pozo Seco S.A. de C.V.	Mexico	Exploration	100%	100%
Minera Sierra Vieja S.A. de C.V.	Mexico	Exploration	100%	100%

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio"), created for the purpose of holding and operating the Juanicipio Property, is held 56% by Fresnillo plc ("Fresnillo") and 44% by the Company. Fresnillo is the operator of Minera Juanicipio, and with its affiliates, beneficially owns 14.15% of the common shares of the Company as at March 31, 2015, as publicly reported. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio.

Compensation of Key Management Personnel including Directors

During the quarter, compensation of key management personnel was as follows:

	Three months ended March 31, 2015	2014
Salaries and other short term employee benefits	$ 260,805	$ 318,454
Share based payments	165,592	384,534
	$ 426,397	$ 702,988

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consists of its Directors, the Chief Executive Officer, and the Chief Financial Officer.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Management has identified (i) mineral property acquisition and exploration deferred costs, (ii) option to acquire mineral interest, (iii) provision for reclamation and closure, (iv) deferred income tax provision and (v) share based payments, as the main estimates for the following discussion. Please refer to Note 2 of the Company's unaudited condensed interim consolidated financial statements as at March 31, 2015 for a description of all of the significant accounting policies.

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its mineral properties ("exploration and evaluation" assets). Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations using a unit-of-production method. The Company reviews when events or changes in circumstances indicate the carrying values of its properties to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value. IFRS also allows the reversal of impairments if conditions that gave rise to those impairments no longer exist.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the estimate of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

Under IFRS, the Company's 'option to acquire mineral interest' is a financial asset and accordingly must be fair valued each accounting period. Given there are no observable inputs to fair value this option, and given the early exploration stage of the project represented by the option, management's best estimate of the fair value of the option is based on the historical cost as incurred.

Reclamation and closure costs have been estimated based on the Company's interpretation of current regulatory requirements, however changes in regulatory requirements and new information may result in revisions to estimates. The Company recognizes the fair value of liabilities for reclamation and closure costs in the period in which they are incurred. A corresponding increase to the carrying amount of the related assets is generally recorded and depreciated over the life of the asset.

The deferred income tax provision is based on the liability method. Deferred taxes arise from the recognition of the tax consequences of temporary differences by applying enacted or substantively enacted tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of certain assets and liabilities. The Company records only those deferred tax assets that it believes will be probable, that sufficient future taxable profit will be available to recover those assets.

Under IFRS 2 - *Share-based Payments*, stock options are accounted for by the fair value method of accounting. Under this method, the Company is required to recognize a charge to the statement of loss based on an option-pricing model based on certain assumptions including dividends to be paid, historical volatility of the Company's share price, an annual risk free interest rate, forfeiter rates, and expected lives of the options.

CHANGES IN ACCOUNTING STANDARDS

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective at March 31, 2015. These include:

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

IFRS 15 Revenue from Contracts with Customers. The final standard on revenue from contracts with customers was issued on May 8, 2014. In April 2015, the IASB tentatively determined that the revised effective date for IFRS 15 would be for annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. Entities have the full option of using either a full retrospective or a modified retrospective approach to adopt the guidance. The Company is currently evaluating the impact this standard may have on its consolidated financial statements.

Annual Amendments. In September 2014, the IASB issued the Annual Improvements 2012-2014 cycles and is applicable for annual periods beginning on or after January 1, 2016 with earlier adoption permitted. The Company is assessing the impact of these amendments:

- Accounting for Acquisitions of Interests in Joint Operations (amendments to IFRS 11 *Joint Arrangements*);
- Equity Method in Separate Financial Statements (Amendments to IAS 27); and,

- Disclosure of information elsewhere in the interim financial report (amendments to IAS *34 Interim Financial Reporting*)

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in the reports that it is required to file or submit under applicable securities laws is recorded, processed, summarized and reported in the manner specified by such laws. The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures as of March 31, 2015 through inquiry, review, and testing, as well as by drawing upon their own relevant experience. The Company annually retains an independent third party specialist to assist in the assessment of its disclosure controls and procedures. The Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as at March 31, 2015.

Internal Control Over Financial Reporting

The Company also maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - *Certification of Disclosure 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 International Financial Reporting Standards. The Company retains an independent third party specialist annually to assist in the assessment of its internal control procedures. The Board of Directors approves the financial statements and MD&A before they are publicly filed, and ensures that management discharges its financial responsibilities. The unaudited condensed interim consolidated financial statements and MD&A for the quarter ended March 31, 2015 were approved by the Board on May 11, 2015. The Board's review is accomplished principally through the audit committee, which is composed of independent non-executive directors. The audit committee meets periodically with management and auditors to review financial reporting and control matters. The Board of Directors has also appointed a compensation committee composed of non-executive directors whose recommendations are followed with regard to executive compensation. From time to time the board may also form special sub-committees, which must investigate and report to the Board on specific topics.

The Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's internal control over financial reporting as of March 31, 2015 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 period ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUBSEQUENT EVENTS

Subsequent to March 31, 2015, the Company granted 7,948 DSUs to Directors who opted to receive DSUs in lieu of cash payment for their first quarter retainer fees. The DSUs are to be share settled and vest immediately.