TRI Pointe Homes, Inc.
Form DEF 14A
March 26, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a party other than the Registrant ¨
Check the appropriate box:

¨Preliminary Proxy Statement
¨Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
xDefinitive Proxy Statement
¨Definitive Additional Materials
¨Soliciting Material Pursuant to §240.14a-12
TRI Pointe Homes, Inc.

(Name of Registrant as Specified in Its Charter)

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

An annual meeting of stockholders (the "annual meeting") of TRI Pointe Homes, Inc. ("TRI Pointe") will be held at 10:00 a.m. local time, on Friday, May 8, 2015, at our corporate offices, located at 19540 Jamboree Road, Suite 300, Irvine, California 92612. The annual meeting will be held for the following purposes:

- to elect the nine nominees named in this proxy statement to serve on the board of directors until his or her successor is elected and qualified or until his or her earlier resignation or removal (Proposal No. 1);
- to ratify the appointment of Ernst & Young LLP as TRI Pointe's independent registered public accounting firm for 2015 (Proposal No. 2); and
- to transact any other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

These items of business are more fully described in the proxy statement accompanying this notice. The Board of Directors recommends stockholders vote FOR proposals (1) and (2).

All TRI Pointe stockholders are cordially invited to attend the annual meeting, although only those stockholders of record at the close of business on March 13, 2015 are entitled to receive notice of the annual meeting and to vote at the annual meeting and any adjournments or postponements of the annual meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE YOUR SHARES OF TRI POINTE COMMON STOCK BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD AT YOUR EARLIEST CONVENIENCE.

We are pleased to take advantage of the rules that allow companies to furnish their proxy materials via the Internet. As a result, we mailed Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and annual report on or about March 26, 2015. The Notice of Internet Availability of Proxy Materials also contains instructions on how to request a paper copy of our proxy statement and annual report. TRI Pointe's proxy materials are available online at http://www.astproxyportal.com/ast/18094.

By Order of the Board of Directors,
Bradley W. Blank
Secretary

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

March 26, 2015

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INFORMATION ABOUT THE ANNUAL MEETING

General; Date; Time and Place; Purposes of the Meeting

The enclosed proxy is solicited on behalf of our Board of Directors for use at the annual meeting of stockholders of TRI Pointe Homes, Inc. ("we," "us" or the "Company") to be held at 10:00 a.m. local time, on Friday, May 8, 2015 or at any adjournments or postponements of the annual meeting, for the purposes set forth in this proxy statement and in the accompanying notice of annual meeting. The annual meeting will be held at our corporate offices, located at 19540 Jamboree Road, Suite 300, Irvine, California 92612.

At the annual meeting, stockholders will be asked to:

- to elect the nine nominees named in this proxy statement to serve on our Board of Directors until his or her successor is elected and qualified or until his or her earlier resignation or removal (Proposal No. 1);
- to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 (Proposal No. 2); and
- to transact any other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

When this proxy statement refers to the "annual meeting," it is also referring to any adjourned or postponed session of the annual meeting, if it is determined by our Board of Directors to be necessary or appropriate.

Electronic Delivery

In accordance with the rules and regulations adopted by the Securities and Exchange Commission ("SEC"), we have elected to furnish the proxy materials to our stockholders online. We believe electronic delivery will expedite stockholders' receipt of materials, while lowering costs and reducing the environmental impact of the annual meeting by reducing printing and mailing of full sets of materials. We mailed a Notice of Internet Availability of Proxy Materials ("Notice") containing instructions on how to access the proxy materials on or about March 26, 2015. If a stockholder would like to receive a paper copy of the proxy materials, the Notice contains instructions on how to receive a paper copy.

Record Date; Quorum

Holders of record of our common stock at the close of business on March 13, 2015, the record date for the annual meeting, are entitled to receive notice of, and to vote at, the annual meeting and any adjourned or postponed session thereof. At the close of business on the record date, 161,602,883 shares of our common stock were outstanding and entitled to vote. Stockholders are entitled to one vote on each matter submitted to the stockholders for each share of our common stock held as of the record date.

A quorum must be established in order for our stockholders to take action at the annual meeting. The presence at the meeting, in person or by proxy, of the holders of stock having a majority of votes that could be cast by the holders of all outstanding stock entitled to vote at the annual meeting will constitute a quorum. If a share is represented for any purpose at the annual meeting, it will be deemed present for purposes of determining whether a quorum exists. Abstentions and "broker non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. If a quorum is present when the annual meeting is convened, the subsequent withdrawal of stockholders, even if less than a quorum remains after such withdrawal, will not affect the ability of the remaining stockholders to lawfully transact business.

As of March 13, 2015, our directors and executive officers held approximately 9.9% of the shares entitled to vote at the annual meeting, of which VII/TPC Holdings, L.L.C. (the "Starwood Fund"), a private equity fund affiliated with two of our directors, held approximately 7.4%. See "Ownership of Our Common Stock".

Solicitation of Proxies

We will bear the entire cost of soliciting proxies from our stockholders. In addition to solicitation of proxies by mail, proxies may be solicited in person, by telephone or other electronic communications, such as emails or postings on our website by our directors, officers and employees, who will not receive additional compensation for these services. We have retained D.F. King & Co., Inc. to assist in the solicitation of proxies for a fee of $10,000 plus expenses. Banks, brokers and other nominees will be requested to forward soliciting material to beneficial owners of stock held of record by them, and we will reimburse those persons for their reasonable expenses in doing so.

Adjournments and Postponements

Although it is not currently expected, if it is determined by our Board of Directors to be necessary or appropriate, the annual meeting may be adjourned or postponed. Notice will not be given of any such adjourned meeting if the date, time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the adjourned meeting. If the Board of Directors fixes a new record date for determination of stockholders entitled to vote at an adjourned meeting, the Board of Directors will also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as the record date determined for stockholders entitled to vote at the adjourned meeting.

Attending the Annual Meeting

All stockholders, including stockholders of record and stockholders who hold their shares in “street name” through banks, brokers or other nominees, are invited to attend the annual meeting. Stockholders of record can vote in person at the annual meeting. To attend the annual meeting, stockholders of record need to bring a valid picture identification. If a stockholder holds shares in “street name” through an account with a bank, broker or other nominee, the holder will need to contact its bank, broker or other nominee and obtain a “legal proxy” from the bank, broker or other nominee and present the “legal proxy” and valid picture identification at the annual meeting, which “legal proxy” will serve as the stockholder’s admission ticket. Cell phones must be turned off prior to entering the annual meeting. Cameras and video, audio or any other electronic recording devices will not be allowed in the meeting room during the annual meeting, except to the extent permitted by us. You can obtain directions to be able to attend the annual meeting and vote in person, by requesting them in writing or by telephone from us at the following address and telephone number: 19540 Jamboree Road, Suite 300, Irvine, California 92612, Attention: Investor Relations; Telephone: (949) 478-8696.

We expect representatives of Ernst & Young LLP to be present at the annual meeting and available to respond to questions.

Householding

SEC rules allow delivery of a single document to households at which two or more stockholders reside. This procedure, referred to as “householding,” reduces the volume of duplicate information received by stockholders, as well as our expenses. If a stockholder of record is eligible for householding, but it and other stockholders of record with which it shares an address receive multiple copies of the Notice, or if a stockholder of record holds stock in more than one account, and in either case the stockholder wishes to receive a single copy of the Notice for its household, it should notify our Corporate Secretary. If a stockholder participates in householding and wishes to receive a separate copy of the Notice, or does not wish to participate in householding and prefers to receive separate copies of the Notice

in the future, it should notify our Corporate Secretary. A stockholder may notify our Corporate Secretary in writing or by telephone at the following address: TRI Pointe Homes, Inc., Attention: Corporate Secretary, 19540 Jamboree Road, Suite 300, Irvine, California 92612, telephone: (949) 478-8696.

If a stockholder holds its shares through an intermediary that is utilizing householding and the stockholder wishes to receive separate copies of our annual report and proxy statement in the future, or if it is receiving multiple copies of our proxy materials and annual report and wishes to receive only one, it should contact its bank, broker, or other nominee record holder.

WRECO Transaction

On July 7, 2014, we consummated the previously announced merger of a wholly-owned subsidiary with and into Weyerhaeuser Real Estate Company ("WRECO"), with WRECO surviving the merger and becoming our wholly-owned subsidiary (the "Merger"). Prior to the Merger, WRECO had been an indirect wholly-owned subsidiary of Weyerhaeuser Company. Upon consummation of the Merger, we increased the size of our Board of Directors from 7 to 9; three of the directors elected at our 2014 annual meeting of stockholders resigned (Messrs. Richard Bronson, Wade Cable, and J. Marc Perrin); and our Board of Directors appointed five new directors to fill the vacancies (Messrs. Lawrence Burrows, Daniel Fulton, and Christopher Graham and Mses. Kristin Gannon and Constance Moore). For additional information concerning our Board of Directors, see "Board of Directors" and "Director Compensation". The Merger also resulted in six officers of WRECO's five homebuilding subsidiaries becoming executive officers of the Company. See "Management". In the Merger, we issued 129,700,000 shares of our common stock. Immediately following consummation of the Merger, the ownership of our common stock as a fully diluted basis was as follows: (i) the WRECO common shares held by former Weyerhaeuser Company shareholders were converted into the right to receive, in the aggregate, approximately 79.6% of our then outstanding common stock, (ii) our common stock outstanding immediately prior to the Merger represented approximately 19.4% of our then outstanding common stock, and (iii) the outstanding equity awards of our and WRECO's employees represented the remaining 1.0% of our then outstanding common stock. See "Ownership of Our Common Stock".

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

The following are some of the questions that stockholders may have and answers to those questions. These questions and answers are not meant to be a substitute for the information contained in the remainder of this proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. We urge our stockholders to read this proxy statement in its entirety prior to making any decision.

Q: What proposals will be voted on at the annual meeting?
A: Stockholders will vote on the following proposals:
- To elect the nine nominees named in this proxy statement to serve on our Board of Directors until his or her successor is elected and qualified or until his or her earlier resignation or removal (Proposal No. 1); and
- To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 (Proposal No. 2).

Q: How does our Board of Directors recommend stockholders vote?
A: Our Board of Directors recommends that stockholders vote:
- "FOR" the election of each of the nine nominees to our Board of Directors until his or her successor is elected and qualified or until his or her earlier resignation or removal (Proposal No. 1); and
- "FOR" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015 (Proposal No. 2).

Questions With Respect to the Election of Directors (Proposal No. 1)

Q: What vote is required for election of directors?

A: Our bylaws provide that directors are elected by a plurality of the votes cast. Therefore, the nine nominees who receive the highest number of votes will be elected as directors. Because no other nominations were properly and timely received in accordance with our bylaws, each of the nine nominees named in this proxy statement will be elected if he or she receives at least one vote. There is no cumulative voting in the election of directors.

Q: What if a stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 1?

A: If a stockholder submits a properly executed proxy to us but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted "FOR" the election of the nine nominees named in this proxy statement to our Board of Directors.

Q: What if a stockholder returns a proxy but withholds authority to vote for one or more nominees?

A: If a stockholder submits a properly executed proxy to us and the proxy withholds authority to vote for one or more nominees, the shares subject to the proxy will not be voted for that nominee or those nominees and will be voted "FOR" the remaining nominee(s), if any.

Q: What if a stockholder is a beneficial owner of shares held in "street name" and fails to provide voting instructions with respect to Proposal No. 1?

A: If a stockholder is the beneficial owner of shares held in "street name" through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder's shares and these "broker non-votes" will not affect the outcome of the election.

Questions With Respect to the Ratification of the Appointment of Auditors (Proposal No. 2)

Q: What vote is required to approve the ratification of the appointment of auditors?

A: Pursuant to our bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the stockholders entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Q: What if a stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 2?

A: If a stockholder submits a properly executed proxy to us but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted "FOR" the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015.

Q: What if our stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 2?

A: If a stockholder submits a properly executed proxy to us and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a "NO" vote, with regard to this proposal.

Q: What if a stockholder is a beneficial owner of shares held in "street name" and fails to provide voting instructions with respect to Proposal No. 2?

A: If a stockholder is the beneficial owner of shares held in "street name" through its bank, broker or other nominee, the bank, broker or other nominee will typically have the authority to exercise its voting discretion to vote on this proposal.

General Questions

Q: How can stockholders cast their vote?

A: Stockholders may vote in one of the following ways:

- by using the toll-free number shown on the proxy card (or voting instruction card if a stockholder received its proxy materials by mail from a bank, broker or other nominee);
- by visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet;
- by completing, signing, dating and returning the enclosed proxy card (or voting instruction card) in the enclosed postage-paid envelope; or
- by attending the annual meeting and voting their shares.

Q: If a stockholder is not going to attend the annual meeting, should that stockholder return its proxy card or otherwise vote its shares?

A: Yes. Returning the proxy card (or voting instruction card if a stockholder received its proxy materials by mail from a bank, broker or other nominee) or voting by calling the toll-free number shown on the proxy card (or voting instruction card) or visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet ensures that the shares will be represented and voted at the annual meeting, even if the stockholder will be unable to or does not attend.

Q: If a stockholder's shares are held in "street name" through its bank, broker or other nominee, will that bank, broker or other nominee vote those shares?

A: Banks, brokers or other nominees will not vote shares of a stockholder with respect to Proposal No. 1 unless the stockholder instructs its bank, broker or other nominee how to vote. A stockholder should follow the directions on the voting instruction card provided by its bank, broker or other nominee regarding how to instruct its bank, broker or other nominee to vote its shares. If a stockholder does not provide its bank, broker or other nominee with instructions, under New York Stock Exchange ("NYSE") rules, that bank, broker or other nominee will not be authorized to vote with respect to Proposal No. 1, but may vote in its discretion with respect to Proposal No. 2.

Q: Can a stockholder change its vote after mailing its proxy card?

A: Yes. If a stockholder has properly completed and submitted its proxy card, that stockholder can change its vote in any of the following ways:

- by filing with our Corporate Secretary an instrument in writing revoking the proxy;
- by filing with our Corporate Secretary a duly executed proxy bearing a later date;
- by logging onto the website specified on the proxy card (or voting instruction card if a stockholder received its proxy materials by mail from a bank, broker or other nominee) in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card (or voting instruction card) prior to the annual meeting, in each case if the stockholder is eligible to do so and following the instructions on the proxy card (or voting instruction card); or
- by attending the annual meeting and voting in person.

Simply attending the annual meeting will not revoke a proxy. In the event of multiple online or telephone proxies by a stockholder, each proxy will supersede the earliest dated proxy and the proxy bearing the latest date will be deemed to be the final proxy of that stockholder unless that proxy is revoked.

If a stockholder holds shares in "street name" through its bank, broker or other nominee, and has directed that person to vote its shares, it should instruct that person to change its vote, or if, in the alternative, a stockholder holding shares in "street name" wishes to vote in person at the annual meeting, the stockholder must obtain a "legal proxy" from the bank, broker or other nominee and present the "legal proxy" at the annual meeting.

Q: What should stockholders do now?

A: After carefully reading and considering the information contained in this proxy statement, stockholders should complete their proxies or voting instruction cards as soon as possible so that their shares will be represented and voted at the annual meeting. Stockholders should follow the instructions set forth on the enclosed proxy card (or on the voting instruction card provided by the record holder if their shares are held in the name of a bank, broker or other nominee).

Q: Who can answer my questions?

A: If you have any questions about the annual meeting, need assistance in voting your shares or need additional copies of this proxy statement or the proxy card (or voting instruction card if you received your proxy materials from a bank, broker or other nominee), you should contact:

D.F. King & Co.

48 Wall Street, 22nd floor

New York, NY 10005

(877) 864-5059 (Toll Free)

(212) 269-5550 (Call Collect)

or

TRI Pointe Homes, Inc.

19540 Jamboree Road, Suite 300

Irvine, California 92612

Attention: Investor Relations

Telephone: (949) 478-8696

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PROPOSAL NO. 1—

ELECTION OF DIRECTORS

All of our directors are elected annually at the annual meeting of stockholders. Stockholders are requested to elect the nine nominees named in this proxy statement to serve on our Board of Directors until his or her successor is elected and qualified or until his or her earlier resignation or removal.

The names of the nine nominees for director and their current positions and offices with us are set forth below. Each of the nominees is now a director. Detailed biographical information regarding each of these nominees is provided in "Board of Directors—Director Nominees." The Nominating and Corporate Governance Committee of our Board of Directors has reviewed the qualifications of each of the nominees and has recommended to our Board of Directors that each nominee be submitted to a vote at the annual meeting.

All of the nominees for election have consented to being named in this proxy statement and to serve if elected. If any nominee is unable or unwilling to serve, our Board of Directors may designate a substitute nominee or reduce the size of our Board of Directors. If our Board of Directors designates a substitute nominee, proxies may be voted for that substitute nominee. Our Board of Directors knows of no reason why any nominee will be unable or unwilling to serve if elected.

Name	Age	Position
Mr. Douglas F. Bauer	53	Chief Executive Officer and Director
Mr. Lawrence B. Burrows	62	Independent Director
Mr. Daniel S. Fulton	66	Independent Director
Ms. Kristin F. Gannon	47	Independent Director
Mr. Steven J. Gilbert	67	Independent Director
Mr. Christopher D. Graham	40	Independent Director
Ms. Constance B. Moore	59	Independent Director
Mr. Thomas B. Rogers	75	Independent Director
Mr. Barry S. Sternlicht	54	Chairman of the Board of Directors and Independent Director

Required Vote

Directors are elected by a plurality of the votes cast in the election of directors. Therefore, the nine director nominees receiving the highest number of votes will be elected as directors. Stockholders may withhold authority to vote for one or more nominees. Because no other nominations were properly and timely received in accordance with our Bylaws, each of the nine nominees named in this proxy statement will be elected if he or she receives at least one vote. There is no cumulative voting in the election of directors. “Broker-non-votes” will not be treated as votes cast and will not affect the outcome with regard to this proposal.

Our Board of Directors recommends that stockholders vote “FOR” the election of each of the nine nominees to our Board of Directors.

PROPOSAL NO. 2—

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has approved the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 and has further recommended that our Board of Directors submit the selection of our independent registered public accounting firm for ratification by stockholders at the annual meeting. Ernst & Young LLP has served as our independent registered public accounting firm since 2009. Representatives of Ernst & Young LLP are expected to be present at the annual meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws, our Certificate of Incorporation, nor any other governing documents or applicable law require stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm. However, our Board of Directors is submitting the selection of Ernst & Young LLP to stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP, but may, nonetheless, retain Ernst & Young LLP as our independent registered public accounting firm. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time if they determine that such a change would be in the best interest of stockholders. For information concerning fees billed to us for the fiscal years ended December 31, 2013 and 2014, see “Audit Committee Matters – Independent Registered Public Accounting Firm Fees”.

Required Vote

This proposal regarding the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015, must be approved by the affirmative vote of the holders of stock having a majority of the votes that could be cast by stockholders entitled to vote on the proposal that are present in person or by proxy at the annual meeting. Abstentions will be treated as being present and entitled to vote, and will have the effect of a “NO” vote, with regard to this proposal. This proposal is considered “routine,” therefore banks, brokers or other nominees may exercise their voting discretion in the absence of specific instructions with regard to this proposal.

Our Board of Directors recommends that stockholders vote “FOR” the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2015.

BOARD OF DIRECTORS

Composition of our Board of Directors

Our Certificate of Incorporation provides that the authorized number of directors shall not be fewer than three and shall be fixed from time to time solely by resolution adopted by affirmative vote of a majority of directors then in office. Our Board of Directors currently consists of nine directors.

Pursuant to an investor rights agreement with the Starwood Fund entered into on January 30, 2013 and amended on November 3, 2014, Starwood Fund has the right to nominate one member of our Board of Directors for as long as the Starwood Fund owns 5% or more of our outstanding common stock (excluding shares of common stock that are subject to issuance upon the exercise or exchange of rights of conversion or any options, warrants or other rights to acquire shares). The investor rights agreement will automatically terminate upon the date on which the Starwood Fund owns less than 1% of our outstanding common stock. Pursuant to the transaction agreement governing the Merger, our Board of Directors appointed Messrs. Burrows and Fulton and Mses. Gannon and Moore as directors following consummation of the Merger.

Director Nominees

Our Board of Directors believes that the board, as a whole, should possess a combination of skills, professional experience and diversity of backgrounds necessary to oversee our business. In addition, our Board of Directors believes there are certain attributes every director should possess. Accordingly, our Board of Directors and the Nominating and Corporate Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of our Board of Directors' overall composition and our current and future needs. Our Board of Directors believes that each director nominee possesses the qualities and experience that the Nominating and Governance Committee believes are important, as described in detail below in the section entitled "Corporate Governance—Committees of our Board of Directors—Nominating and Corporate Governance Committee."

Our Board of Directors seeks out, and our Board of Directors is comprised of, individuals whose background and experience complement those of our other directors. The nominees for election to our Board of Directors, together with biographical information furnished by each of them and information regarding each nominee's qualifications, are set forth below. There are no family relationships among our executive officers and directors.

DOUGLAS F. BAUER, 53, has served as our Chief Executive Officer and as a member of our Board of Directors since January 30, 2013. He was a member of TRI Pointe Homes, LLC's ("TPH LLC") board of managers prior to its conversion into a corporation. Prior to forming TPH LLC in April 2009, from 1989 to 2009, Mr. Bauer served in several capacities, including most recently the President and Chief Operating Officer, for William Lyon Homes, an internally managed homebuilding company whose common stock was listed on the NYSE from 1999 until the company was taken private in 2006. His prior titles at William Lyon Homes also included Chief Financial Officer and, prior thereto, President of its Northern California Division. Prior to his 20-year tenure at William Lyon Homes, Mr. Bauer spent seven years at Security Pacific National Bank in Los Angeles, California in various financial positions. Mr. Bauer has more than 25 years of experience in the real estate finance, development and homebuilding industry. Mr. Bauer has been involved in both legislative efforts and community enhancement programs through his involvement in the California Building Industry Association and HomeAid Orange County, a charitable organization with the mission of building or renovating shelters for the temporarily homeless, which serves individuals and families who find themselves without shelter due to such factors as domestic violence, job loss, catastrophic illness and crisis pregnancy. Mr. Bauer received his B.A. from the University of Oregon and later received his M.B.A. from the University of Southern California. As our Chief Executive Officer, Mr. Bauer has intimate knowledge of our business and operations, and he provides our Board of Directors with extensive experience in real estate finance, operations and

development, as well as a familiarity with the workings of the homebuilding industry.

LAWRENCE B. BURROWS, 62, has served as a member of our Board of Directors since July 7, 2014. Mr. Burrows served as Senior Vice President of Wood Products for Weyerhaeuser Company from 2010 through 2013, when he retired after 25 years with the company. From 2008 to 2010, Mr. Burrows was President and Chief

Executive Officer of WRECO. Prior to becoming WRECO's President and Chief Executive Officer, he served as President of Winchester Homes, a WRECO subsidiary, from 2003 to 2008. Before joining Weyerhaeuser Company and WRECO, Mr. Burrows was a real estate consultant and developer. Mr. Burrows served on the Board of Habitat for Humanity, Seattle/King County, and HomeAid of Northern Virginia. Currently, he is a Senior Policy Fellow at the Edward J. Bloustein School of Planning and Public Policy, Rutgers University, and an advisor to the Chesapeake Multi-Cultural Center. Mr. Burrows earned a B.A. from Rutgers University, a Masters in City Planning from the University of Pennsylvania, and is a graduate of the Wharton School of Business Advanced Management Program. He is the author of Growth Management: Issues, Techniques and Policy Implications, published by the Center for Urban Policy Research at Rutgers University. Our Board of Directors believes that Mr. Burrows' experience in real estate development and homebuilding, along with his familiarity with the WRECO business, is a tremendous benefit to the Board of Directors.

DANIEL S. FULTON, 66, has served as a member of our Board of Directors since July 7, 2014. Mr. Fulton served as President, Chief Executive Officer and a member of the board of directors of Weyerhaeuser Company from 2008 through 2013, when he retired after nearly 38 years with the company. Prior to becoming Weyerhaeuser Company's Chief Executive Officer, Mr. Fulton served as the President and Chief Executive Officer of WRECO from 2001 to 2008. During Mr. Fulton's tenure as Weyerhaeuser Company's Chief Executive Officer, he was a member of the Business Roundtable (BRT), where he served as the chair of the BRT Housing Subcommittee, and served on the boards of a number of industry associations, including NAFO (the National Alliance of Forest Owners), NAREIT (National Association of Real Estate Investment Trusts), SFI (Sustainable Forest Initiative) and the AF&PA (American Forest and Paper Association). Mr. Fulton is the past chair of the Washington Roundtable, where he continues as a member of the Executive Committee, and is the past chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University, where he continues to serve as an Executive Fellow. Mr. Fulton is a director of Saltchuk Resources, a privately-owned company primarily engaged in transportation and distribution, and a member of the Advisory Board for the Foster School of Business at the University of Washington. Mr. Fulton graduated with a B.A. in economics from Miami University (Ohio) in 1970. He received an M.B.A. in finance from the University of Washington in 1976, and he completed the Stanford University Executive Program in 2001. From 1970 to 1974, he served on active duty as an officer in the U.S. Navy Supply Corps. Our Board of Directors believes that Mr. Fulton's intimate knowledge of the WRECO business and his extensive experience in real estate finance and development is valuable to the Board of Directors.

KRISTIN F. GANNON, 47, has served as a member of our Board of Directors since July 7, 2014. Ms. Gannon is currently a partner at Dean Bradley Osborne in San Francisco. Prior to joining Dean Bradley Osborn, Ms. Gannon was a Managing Director at Goldman Sachs from 2006 to 2012, where she was head of the Real Estate banking group in the west region. While at Goldman Sachs, she served as financial and strategic advisor to several private and publicly traded real estate companies and advised on mergers, sales, divestitures, capital raising and recapitalizations. Prior to her time with Goldman Sachs, Ms. Gannon was an Executive Director at Morgan Stanley from 1998 to 2006, where she was head of west coast real estate. Ms. Gannon has also worked at Merrill Lynch, the Deloitte & Touche Realty Consulting Group and Keyser Marston. Ms. Gannon is a board member of Lineage Logistics Holdings, LLC, the James Campbell Company in Hawaii and the nonprofit Aim High in San Francisco. She is also a member of the Policy Advisory Board of the Fisher Center at UC Berkeley and the Urban Land Institute. Ms. Gannon earned a B.S. in Business Administration from the University of California, Berkeley, and an M.B.A. from the MIT Sloan School of Management. Our Board of Directors believes that Ms. Gannon provides substantial experience in real estate finance.

STEVEN J. GILBERT, 67, has served as a director on our Board of Directors since January 30, 2013. Mr. Gilbert is Chairman of the Board of Gilbert Global Equity Partners, L.P., a billion dollar private equity fund and has served in this capacity since 1998. He is also a director of Fairholme Funds (Nasdaq: FAIRX), an open-end investment company; Senior Advisor to Continental Grain; a director of MBIA, Inc, (NYSE: MBI), and is the Lead Independent Director of the Empire State Realty Trust (NYSE: ESRT). He is Vice Chairman of MidOcean Equity Partners, LP,

and served as the Vice Chairman of Stone Tower Capital from January 2007 until April 2012 and as the Senior Managing Director and Chairman of Sun Group (USA) until 2009. From 1992 to 1997 he was a Founder and Managing General Partner of Soros Capital L.P., the principal venture capital and leveraged transaction entity of the Quantum Group of Funds, and a principal Advisor to Quantum Industrial Holdings Ltd. From 1988 to 1992, he was the Managing Director of Commonwealth Capital Partners, L.P., a private equity investment firm. Prior to that, from 1984 to 1988, Mr. Gilbert was the Managing General Partner of Chemical Venture Partners (now J. P. Morgan

Capital Partners), which he founded. Mr. Gilbert was admitted to the Massachusetts Bar in 1970 and practiced law at Goodwin Procter & Hoar in Boston, Massachusetts. He was an associate in corporate finance at Morgan Stanley & Co. from 1972 to 1976, a Vice President at Wertheim & Co., Inc. from 1976 to 1978 and a Managing Director at E. F. Hutton International from 1978 to 1980. Mr. Gilbert was recently Chairman of the Board of Dura Automotive Systems, Inc., Chairman of CPM Holdings, True Temper Sports and a Director of J. O. Hambro Capital Management Group and the Asian Infrastructure Fund. Previously, Mr. Gilbert has been a Director of numerous companies, including Monteplier Re, Olympus Trust, Office Depot, Inc., Funk & Wagnalls, Inc., Parker Pen Limited, Piggly Wiggly Southern, Inc., Coast Community News, Inc., GTS-Duratek, Magnavox Electronic Systems Company, UroMed Corporation, Star City Casino Holdings, Ltd., Katz Media Corporation, Airport Group International, Batavia Investment Management, Ltd., Affinity Financial Group, Inc., ESAT Telecom, Ltd., Colep Holding, Ltd., NFO Worldwide, Terra Nova (Bermuda) Holdings, Limited and Veritas-DCG. He was the principal owner, Chairman and Chief Executive Officer of Lion's Gate Films from 1980 to 1984. Mr. Gilbert is a member of the Council on Foreign Relations and the Global Agenda Council on Capital Flows of the World Economic Forum and a member of the Board of Governors of the Lauder Institute. Mr. Gilbert received his B.A. from the Wharton School at the University of Pennsylvania, his J.D. from the Harvard Law School and his M.B.A. from the Harvard Graduate School of Business. Mr. Gilbert provides our Board of Directors with vast investment management and leadership experience, and his prior and current service as a director of numerous publicly-held companies allows him to make valuable contributions to our Board of Directors.

CHRISTOPHER D. GRAHAM, 40, has served as a member of our Board of Directors since July 7, 2014. Mr. Graham is a Senior Managing Director at Starwood Capital Group, supervising its investments in North America. Mr. Graham is responsible for originating, structuring, underwriting and closing investments in all property types. At Starwood Capital Group, he has managed Starwood Land Ventures and overseen Starwood's investments in approximately 10,000 residential lots. In addition, he has overseen the acquisition of approximately $300 million of non-performing single-family residential loans. Prior to joining Starwood Capital Group in 2002, Mr. Graham was with CB Richard Ellis in Washington, D.C., where he was Director of its Financial Consulting Group for the Eastern Region of the United States. Prior to this role, Mr. Graham was Associate Director, Eastern Region of CB Richard Ellis' Investment Properties Group. Mr. Graham received a B.B.A. in finance from James Madison University and an M.B.A. from Harvard Business School. Our Board of Directors believes that Mr. Graham provides substantial financial and investment management experience to it.

CONSTANCE B. MOORE, 59, has served as a member of our Board of Directors since July 7, 2014. She has served as a director of Civeo Corporation (NYSE: CVEO) since June 2014. Ms. Moore served as a Director of BRE Properties. Inc. (NYSE: BRE) from September 2002 until BRE was acquired in April 2014. Ms. Moore served as President and Chief Executive Officer of BRE from January 2005 until April 2014, served as President and Chief Operating Officer from January 2004 until December 2004 and served as Executive Vice President & Chief Operating Officer from September 2002 to December 2003. Ms. Moore has more than 35 years of experience in the real estate industry. Prior to joining BRE in 2002, she was a managing director of Security Capital Group & Affiliates. From 1993 to 2002, Ms. Moore held several executive positions with Security Capital Group, including co-chairman and chief operating officer of Archstone Communities Trust. Ms. Moore holds an M.B.A. from the University of California, Berkeley, Haas School of Business and a bachelor's degree from San Jose State University. In 2009, she served as chair of the NAREIT. Currently, she is the chair of the Fisher Center for Real Estate and Urban Economics Policy Advisory Board at UC Berkeley, a member of the Urban Land Institute, serves on the board of the Tower Foundation at San Jose State University and is a Trustee for the City of Hope in Duarte, California. Our Board of Directors believes that Ms. Moore provides it with significant leadership and real estate management experience.

THOMAS B. ROGERS, 75, has served as a director of our Board of Directors since January 30, 2013. Until his retirement in January 2009, Mr. Rogers served as Executive Vice President in charge of City National Bank's Southern Region. In that position, he oversaw the delivery of commercial banking, private client and wealth management

services to clients throughout Orange County, the greater San Diego area and the Inland Empire. Before joining City National Bank in 2000, Mr. Rogers served for eight years as Senior Vice President and Treasurer of The Irvine Company. Prior to that, Mr. Rogers spent more than 25 years with two major financial institutions. Specifically, he served as Executive Vice President and Division Administrator of Security Pacific National Bank's Real Estate Industries Group, Southern Division, and prior to that was Senior Vice President and Chief Credit Officer for Security Pacific's California Corporate Group. His previous banking career also included 15

years with the National Bank of Detroit in corporate lending assignments. In his retirement, Mr. Rogers serves as Chairman of the Board of Directors of Plaza Bank, a community business bank located in Irvine, California. He was appointed to the board of Plaza Bank in June 2009 and elected Chairman in December 2009. He also serves on the Board of Directors of Memorial Health Services, a six hospital, integrated healthcare organization headquartered in Fountain Valley, California. Mr. Rogers received his B.A. in Business Administration from Eastern Michigan University, attended graduate school at Wayne State University in Detroit, and completed the curriculum of the Graduate School of Banking at the University of Wisconsin in Madison and the National Commercial Lending School at the University of Oklahoma. Mr. Rogers provides our Board of Directors with a wealth of financial management knowledge, and his extensive executive and leadership experience makes him a valuable contributor to the Board of Directors.

BARRY S. STERNLICHT, 54, has served as the Chairman of our Board of Directors since January 30, 2013. Prior to TRI Pointe's conversion into a corporation, he served as Chairman of the board of managers of TPH LLC. Mr. Sternlicht has been the Chairman and Chief Executive Officer of Starwood Capital Group since its formation in 1991. He also has been the Chairman of the Board of Directors and the Chief Executive Officer of Starwood Property Trust, Inc., (NYSE: STWD), since its formation in 2009. Over the past 23 years, Mr. Sternlicht has structured investment transactions with an asset value of more than $40 billion. From 1995 through early 2005, he was the Chairman and Chief Executive Officer of Starwood Hotels & Resorts Worldwide, Inc., a NYSE-listed company he founded in 1995. Mr. Sternlicht is the Chairman of the Board of Baccarat, S.A. He also serves on the Board of Directors of The Estée Lauder Companies, Inc. (NYSE: EL) and Restoration Hardware Holdings, Inc. (NYSE: RH). Mr. Sternlicht is a Trustee of Brown University. He serves as Chairman of the Board of The Robin Hood Foundation and is on the boards of the Pension Real Estate Association (PREA), the Real Estate Roundtable, the Dreamland Film & Performing Arts Center and the Executive Advisory Board of Americans for the Arts Organization. Mr. Sternlicht is a member of the World Presidents Organization. Mr. Sternlicht received his B.A., magna cum laude, with honors from Brown University. He later earned his M.B.A. with distinction from Harvard Business School. Mr. Sternlicht provides our Board of Directors with a wealth of investment management experience along with extensive experience in real estate finance and development, and our Board of Directors believes Mr. Sternlicht provides a valuable perspective as its Chairman.

CORPORATE GOVERNANCE

Director Independence

Our Board of Directors has determined that 8 of its directors, Mses. Gannon and Moore and Messrs. Burrows, Fulton, Gilbert, Graham, Rogers and Sternlicht, constituting a majority, satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The non-management directors meet regularly in executive sessions outside the presence of management, and Mr. Sternlicht, as Chairman, currently presides at all executive sessions of the non-management directors. Additionally, Mr. Gilbert serves as Lead Independent Director.

Leadership Structure of our Board of Directors

Our Corporate Governance Guidelines provide that our Board of Directors is free to select a Chairman in the manner it considers to be in our best interest and that the role of Chairman and Chief Executive Officer may be filled by a single individual or two different persons. In 2014, our Board of Directors amended our Bylaws to provide that the position of Chairman is not an officer position. This provides our Board of Directors with flexibility to decide what leadership structure is in our best interests at any point in time. Currently, these roles are separate: Mr. Sternlicht serves as Chairman and Mr. Bauer serves as Chief Executive Officer. At this time, our Board of Directors has determined that having the Chairman and Chief Executive Officer roles separate is in our best interest, as it allows the Chairman to focus on the effectiveness of our Board of Directors and oversight of our senior management team while the Chief Executive Officer focuses on executing our strategy and managing our business. In the future, however, our Board of Directors may determine that it is in our best interest to combine the roles of Chairman and Chief Executive Officer.

Role of our Board of Directors in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of the risk management process. Our Board of Directors administers this oversight function directly, with support from three of its standing committees—the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each of which addresses risks specific to its respective areas of oversight. The full Board of Directors monitors risks through regular reports from each of the committee chairs, and is apprised of particular risk management matters in connection with its general oversight and approval of corporate matters. In connection with its reviews of our operations and corporate functions, our Board of Directors addresses the primary risks associated with those operations and corporate functions. In addition, our Board of Directors reviews the risks associated with our business strategies periodically throughout the year as part of its consideration of undertaking any such business strategies. In addition, our Board of Directors, with assistance from senior management, intends to establish appropriate orientation programs, sessions or materials for newly elected directors to our Board of Directors to familiarize these directors with, among other things, risk management issues.

In connection with its risk management role, the Audit Committee considers and discusses with management our major financial risk exposures and the steps management takes to monitor and control these exposures. The Audit Committee oversees the policies and processes relating to financial statements, financial reporting processes, compliance and auditing, as well as the guidelines, policies and processes for monitoring and mitigating related risks. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the performance of our internal audit function. The Compensation Committee assesses and monitors whether any of our compensation policies and programs have the potential to encourage excessive risk-taking. The Nominating and Corporate Governance Committee provides oversight with respect to corporate governance and ethical conduct and monitors the effectiveness of the Company's corporate governance guidelines, including whether such guidelines are

successful in preventing illegal or improper liability-creating conduct. In performing their respective functions, each committee has full access to management, as well as the ability to engage advisors.

It is neither feasible nor desirable to attempt to monitor or eliminate all risk. Accordingly, we necessarily face, and will continue to face, a variety of risks in the conduct of our business and there can be no assurance that our Board of Directors and committees' oversight will be effective in identifying and addressing all material risks. The foregoing description of the role of our Board of Directors in risk oversight does not express or imply any additional or special duties, the duties of directors being only those prescribed by applicable law.

Meetings of our Board of Directors

Our Board of Directors held 7 meetings during fiscal year 2014. Each member of our Board of Directors attended 75% or more of the aggregate number of meetings of the board of directors, and of the committees on which he was serving, held during fiscal year 2014 for which he was a director or committee member. In accordance with its Corporate Governance Guidelines, we invite and generally expect our directors to attend the annual meeting.

Committees of our Board of Directors

Our bylaws permit our Board of Directors to designate one or more committees, including (i) an Audit Committee, (ii) a Compensation Committee and (iii) a Nominating and Corporate Governance Committee. The current members of each of these committees are set forth in the following table:

Name	Audit	Compensation	Nominating and Corporate Governance
Lawrence B. Burrows			X
Daniel S. Fulton	X		
Kristin F. Gannon		X*	
Steven J. Gilbert		X	X
Christopher D. Graham	X		
Constance B. Moore		X	
Thomas B. Rogers	X*		
Barry S. Sternlicht			X*

*Committee Chair

The Audit, Compensation, and Nominating and Corporate Governance committees each have a written charter that is available on our website at www.tripointegroup.com in the Corporate Governance – Governance Documents section of the Investors webpage. We also have an Executive Land Committee, comprised of Messrs. Fulton, Gilbert and Graham, which reviews and approves land acquisitions or dispositions with a purchase price greater than $30 million

but less than $75 million.

Audit Committee. The Audit Committee of our Board of Directors, pursuant to its written charter, oversees, among other matters: (i) our financial reporting, auditing and internal control activities; (ii) the integrity and audits of our financial statements; (iii) our compliance with legal and regulatory requirements; (iv) the qualifications and independence of our independent auditors; (v) the performance of our internal audit function and independent auditors; and (vi) our overall risk exposure and management. Duties of the Audit Committee also include the following:

- annually reviewing and assessing the adequacy of the Audit Committee charter and the performance of the Audit Committee;
- being responsible for the appointment, retention and termination of our independent auditors and determining the compensation of its independent auditors;
- reviewing with the independent auditors the plans and results of the audit engagement;
- evaluating the qualifications, performance and independence of our independent auditors;
- having sole authority to approve in advance all audit and non-audit services by our independent auditors, the scope and terms thereof, and the fees therefor;

- reviewing the adequacy of our internal accounting controls;
- periodically reviewing with management our cybersecurity program;
- meeting at least quarterly with our senior management team, internal audit staff and independent auditors in separate executive sessions; and
- preparing the Audit Committee report required by SEC regulations to be included in our annual proxy statement.

The Audit Committee is composed of three directors, Messrs. Rogers, Fulton and Graham, each of whom is a non-employee and satisfies the independence requirements under the applicable listing standards of the NYSE and the applicable rules of the SEC, and otherwise satisfies the applicable requirements for audit committee service imposed by the Exchange Act, the NYSE, as well as any other applicable legal or regulatory requirements. Our Board of Directors, in its business judgment, has determined that each of these members is "financially literate" under the rules of the NYSE. Mr. Rogers serves as the Chairperson of the Audit Committee. Our Board of Directors has designated Mr. Rogers as the Audit Committee financial expert, as that term is defined by the SEC. The Audit Committee met four times during fiscal year 2014.

Compensation Committee. The Compensation Committee of our Board of Directors, pursuant to its written charter, has the following responsibilities, among others:

- assists our Board of Directors in developing and evaluating potential candidates for executive officer positions and overseeing the development of executive succession plans;
- administers, reviews and makes recommendations to our Board of Directors regarding our compensation plans;
- annually reviews and approves our corporate goals and objectives with respect to compensation for executive officers and, at least annually, evaluates each executive officer's performance in light of such goals and objectives to set each executive officer's annual compensation, including salary, bonus and equity and non-equity incentive compensation, subject to approval by our Board of Directors;
- provides oversight of management's decisions regarding the performance, evaluation and compensation of other officers;
- reviews our incentive compensation arrangements to confirm that incentive pay does not encourage unnecessary risk-taking and reviews and discusses, at least annually, the relationship between risk management policies and practices, business strategy and our executive officers' compensation;
- assists management in complying with our proxy statement and annual report disclosure requirements;
- discusses with management the compensation discussion and analysis required by SEC regulations; and
- prepares a report on executive compensation to be included in our annual proxy statement.

The Compensation Committee may form, and delegate authority to, subcommittees when it deems appropriate to the extent permitted under applicable law. In addition, the Compensation Committee may delegate certain of its authority under the 2013 Long-Term Incentive Plan to our Board of Directors or, subject to applicable law, to our Chief Executive Officer or such other executive officer as the Compensation Committee deems appropriate; provided, that the Compensation Committee may not delegate its authority under the 2013 Long-Term Incentive Plan to our Chief Executive Officer or any other executive officer with regard to the selection for participation in the 2013 Long-Term Incentive Plan of an executive officer, director or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, price or amount of an award to such an officer, director or other person.

The Compensation Committee is composed of three directors, Ms. Gannon, Mr. Gilbert and Ms. Moore, each of whom is a non-employee and (i) satisfies the independence requirements under the applicable listing standards of the NYSE and the applicable rules of the SEC, (ii) otherwise satisfies the applicable requirements for compensation committee service imposed by the Exchange Act and the NYSE, (iii) meets the requirements for a "non-employee director" contained in Rule 16b-3 under the Exchange Act, and (iv) meets the requirements for an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), as well as any other applicable legal or regulatory requirements.

Our Chief Executive Officer, President and Chief Financial Officer do not participate in the Committee's deliberations concerning their own compensation or the compensation of directors. However, they meet with the Compensation Committee and provide input regarding the amount and form of the compensation of our executive officers and key employees. No other executive officers participate in the Committee's deliberations of the amount or form of the compensation of executive officers or directors.

The Compensation Committee has the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation. The Compensation Committee has retained Semler Brossy Consulting Group, LLC as its independent compensation consultant. The compensation consultant provides the Compensation Committee with data about the compensation paid by a peer group of companies and other companies that may compete with us for executives, and develops recommendations for structuring our compensation programs. The compensation consultant is engaged solely by the Compensation Committee and does not provide any services directly to us or our management. The Compensation Committee met six times during the fiscal year 2014.

Compensation Committee Interlocks and Insider Participation. No member of the Compensation Committee is, or has been at any time, our officer or employee, nor has any member had any relationship with us requiring disclosure under Item 404 of Regulation S-K. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee of our Board of Directors, pursuant to its written charter, has the following responsibilities, among others:

- identifies individuals qualified to become members of our Board of Directors and ensures that our Board of Directors has the requisite expertise and its membership consists of persons with sufficiently diverse and independent backgrounds;
- develops, and recommends to our Board of Directors for its approval, qualifications for director candidates and periodically reviews these qualifications with our Board of Directors;
- reviews the committee structure of our Board of Directors and recommends directors to serve as members or chairs of each committee of our Board of Directors;
- reviews and recommends committee slates annually and recommends additional committee members to fill vacancies as needed;
- develops and recommends to our Board of Directors a set of corporate governance guidelines applicable to us and, at least annually, reviews such guidelines and recommends changes to our Board of Directors for approval as necessary; and
- oversees the annual self-evaluations of our Board of Directors and management.

The Nominating and Corporate Governance Committee is composed of three directors, Messrs. Burrows, Gilbert and Sternlicht, each of whom is a non-employee and satisfies the independence-related requirements of the NYSE as well as any other applicable legal or regulatory requirements. The Nominating and Corporate Governance Committee met twice during fiscal year 2014.

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In evaluating candidates for nomination to our Board of Directors, the Nominating and Corporate Governance Committee takes into account the applicable requirements for directors under the Exchange Act and the listing standards of the NYSE. The Nominating and Corporate Governance Committee may take into consideration such other factors and criteria that it deems appropriate in evaluating a candidate, including the candidate's judgment, skill, integrity, diversity, business or other experience, time availability in light of other commitments and conflicts of interest. The Nominating and Corporate Governance Committee may (but is not required to) consider candidates suggested by management or other members of our Board of Directors. Although the Nominating and Corporate Governance Committee does not have a formal policy on diversity with regard to its consideration of director nominees, it considers diversity in its selection process and seeks to nominate candidates that have a diverse range of views, backgrounds, leadership and business experience.

Policy Regarding Stockholder Recommendations

We identify new director candidates through a variety of sources. Although the Nominating and Corporate Governance Committee does not have a formal policy regarding consideration of director candidates recommended by stockholders, our Corporate Governance Guidelines provide that, when formulating its director nomination recommendations, the Nominating and Corporate Governance Committee will consider candidates recommended by stockholders and others, as it deems appropriate. In considering candidates submitted by stockholders, the Nominating and Corporate Governance Committee will take into consideration the needs of our Board of Directors and the qualifications of the candidate. Stockholders may propose director nominees by adhering to the advance notice procedures described in the section entitled "Stockholder Proposals for 2016 Annual Meeting" in this proxy statement. The Nominating and Corporate Governance Committee may also establish procedures, from time to time, regarding submission of candidates by stockholders and others.

In considering director candidates for election at the annual meeting, the Nominating and Corporate Governance Committee did not consider nominees other than the nine incumbent directors listed in Proposal No. 1 of this proxy statement, as no new candidates were proposed and the incumbent directors continue to exhibit the qualifications described above.

Code of Business Conduct and Ethics

Our Board of Directors has adopted the TRI Pointe Homes, Inc. Code of Business Conduct and Ethics that applies to all officers, directors and employees. Additionally, our Board of Directors has adopted the TRI Pointe Homes, Inc. Code of Ethics for Senior Executive and Financial Officers that applies to the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer (or persons performing similar functions to the aforementioned officers). The Code of Business Conduct and Ethics along with the Code of Ethics for Senior Executive and Financial Officers are available on our website at www.tripointehomes.com in the Corporate Governance—Governance Documents section of the Investors webpage. If any substantive amendments to either the Code of Business Conduct and Ethics or the Code of Ethics for Senior Executive and Financial Officers are made, or any waiver from a provision of either Code is granted to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website. We have adopted these codes as guides for future conduct and they should not be considered to constitute representations as to past compliance.

Corporate Governance Guidelines

Our Corporate Governance Guidelines are available on our website at www.tripointehomes.com in the Corporate Governance—Governance Documents section of the Investors webpage.

Stockholder Communications with our Board of Directors

Our stockholders and other interested persons who want to communicate directly with our Board of Directors as a group, the Chairman of our Board of Directors, the lead independent director, the non-management directors as a group or any individual director may do so by delivering such communication in care of our Corporate Secretary at: TRI Pointe Homes, Inc., Presiding Director or Non-Management Directors c/o Corporate Secretary, 19540 Jamboree Road, Suite 300, Irvine, CA 92612.

All communications must be accompanied by the following information:

- if the person submitting the communication is a stockholder, a statement of the number of shares of our common stock that the person holds;
- if the person submitting the communication is not a stockholder, the nature of the person's interest in us;
- any special interest, meaning an interest not in the capacity as a stockholder, of the person in the subject matter of the communication; and
- the address, telephone number and e-mail address, if any, of the person submitting the communication.

Communications received in writing are forwarded to our Board of Directors as a group, the lead independent director, the non-management directors as a group or any individual director to whom the communication is directed. However, the following communications will not be forwarded: any threatening, incoherent, obscene, defamatory or similarly inappropriate communication; any communication that involves an ordinary business matter (such as a job inquiry, a business account or transaction, a request for information about us, form letters, spam, invitations and other forms of mass mailings); surveys; and any communication that does not relate to matters relevant to us or our business, unless requested by a director or at management's discretion. At each meeting of our Board of Directors, a summary of all such communications received since the last meeting that were not forwarded will be presented and those communications are available to directors on request.

COMPENSATION DISCUSSION AND ANALYSIS

In this Compensation Discussion and Analysis ("CD&A"), we describe our 2014 compensation practices, programs, and decisions for our Named Executive Officers ("NEOs"). For 2014, our NEOs are:

- Douglas F. Bauer, Chief Executive Officer ("CEO")
- Thomas J. Mitchell, President and Chief Operating Officer ("COO")
- Michael D. Grubbs, Chief Financial Officer ("CFO") and Treasurer
- Glenn J. Keeler, Vice President and Chief Accounting Officer
- Bradley W. Blank, Vice President, General Counsel and Secretary

For a list of all of our current executive officers, see "Management".

Introduction and Compensation Philosophy

We designed our executive officer compensation programs to achieve the following key objectives:

- Align the interests of our executives with our stockholders and motivate executive officers to grow long-term stockholder value;
- Reinforce our pay for performance culture by aligning the compensation realized by our executive officers to the achievement of company goals;
- Provide a total compensation opportunity that allows us to attract and retain talented executive officers; and
- Use incentive compensation to promote desired behavior without encouraging unnecessary risk-taking.

Outlined below are the tools we use to obtain these objectives:

Link Pay to Performance: We link a significant portion of executive officer compensation to performance. On average, approximately 65% of 2014 NEO compensation is performance-based and is tied to our financial performance and/or the performance of our stock price. For our top three executive officers, 75% is performance-based.

Incentivize Long-term Performance: We make equity awards to motivate long-term performance and align the interests of our executive officers with our stockholders. On average, nearly 40% of 2014 NEO total direct compensation is equity-based, with vesting over three years. For our top three executives, equity is 50% of their total compensation.

Balance Performance Considerations: Our compensation plans balance short-term and long-term performance factors to motivate performance while mitigating incentives for undue risk-taking. Starting in 2015, we have further enhanced this balance by adding performance metrics to a portion of our equity incentives with success measured over a three-year period.

Maintain Rigorous Stock Ownership Guidelines: In 2015, we established minimum ownership requirements of 5x base salary for the CEO and COO, 3x base salary for the CFO, and 1x base salary for Corporate Vice Presidents and Homebuilding Presidents. These guidelines encourage ownership and further align our executives with our stockholders.

These pay practices are discussed in more detail under "2014 NEO Compensation Decisions" and "2015 NEO Pay Programs" below.

In addition to these compensation practices, we are dedicated to the highest standards of good governance for our executive compensation plans. This includes:

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What We Do

- ü Engage an Independent Consultant: Since our initial public offering in 2013, our Compensation Committee has engaged an independent compensation consultant that does not provide any other services to us.
- ü Appoint an Independent Chairman of the Board: We separate the roles of Chairman of the Board and Chief Executive Officer. This separation allows the Chairman to focus on the effectiveness of our Board of Directors and oversight of our senior management while our CEO focuses on executing our strategy and managing our business.
- ü Prohibit the Hedging of Company Stock: We prohibit all employees and directors from engaging in hedging transactions.
- ü Establish a Clawback Policy: In 2015, we adopted a clawback policy that provides for recoupment of incentive compensation in the event of a restatement of financial results and misconduct of an executive officer.

What We Do Not Do

- O Provide Tax Gross Ups on change in Control Benefits.
- O Provide Excessive Executive Perquisites.
- O Provide Tax Gross Ups on Perquisites or Benefits.
- O Automatically Accelerate Vesting of Awards Upon the Occurrence of a Change in Control.
- O Guarantee Base Salary Increases or Incentive Payments for Executives.
- O Allow for re-pricing Underwater Stock Options without Stockholder Approval.

2014 Business Context

Merger with WRECO

2014 was a transformative year for us and our compensation practices and programs are best understood in the context of the rapid growth in the size and scale of the Company. In July 2014, we completed the Merger with WRECO. The Merger ranked as one of the largest in homebuilding history and was valued at the time at approximately $2.8 billion. As a result of the Merger:

- We became one of the top 10 largest public homebuilders in the United States by equity market capitalization based on the closing price of our common stock on July 3, 2014;
- We expanded and diversified our homebuilding operations from California and Colorado to the states of Arizona, Nevada, Maryland, Texas, Virginia and Washington;
- We grew from 150 team members to over 960; and

- We increased the number of lots that we owned or control to 29,718 at December 31, 2014.

Prior to the completion of our initial public offering on January 31, 2013, we were a closely held limited liability company in which Messrs. Bauer, Mitchell and Grubbs were members and senior officers (our "Founding NEOs"). As a result, many of our compensation practices in 2014 have continued to reflect our transition from a private to public company and the legacy partnership pay practices for our Founding NEOs.

Implications for 2014 Executive Compensation

We developed our 2014 compensation practices before we closed the Merger. Our compensation practices therefore reflect the size and structure of us as a much smaller entity. As a result, the 2014 compensation of our NEOs is much lower than those of the largest homebuilding companies that are now our peers. Key elements of 2014 pay decisions that reflect this context include:

- We focused on the top three executive officers (Messrs. Bauer, Mitchell, and Grubbs) for Compensation Committee review. Before the Merger, we qualified as an Emerging Growth Company under the SEC's rules. Consequently, only these three executives were classified as NEOs for our 2013 fiscal year. Our CEO made compensation decisions for executives other than these three in 2014.
- Market comparisons for assessing executive pay were designed to reflect companies with substantially lower revenues and smaller market capitalizations, consistent with our size before the Merger.
- Starting in February 2014 we began to make annual equity awards to our NEOs and other key employees to align their interests more closely with the interests of our stockholders and encourage long-term retention.

The Compensation Committee did not adjust executive pay levels or practices in the second half of 2014 following the Merger to reflect our transformation into one of the largest homebuilders in the country. Rather, the Compensation Committee spent the second half of the year assessing the implications of this transformation on the executives' responsibilities and pay, and developing a transition strategy to make total pay competitive with peers. These changes are discussed below in more detail under "2015 NEO Pay Programs."

Additionally, we added several new executive officers in 2014 to address the significantly increased scale of our operations following the Merger. These included an in-house general counsel, a chief accounting officer, a vice president of marketing, and the presidents of four of WRECO's homebuilding subsidiaries.

Compensation Decision-Making Process

Role of the Compensation Committee

For 2014, the Compensation Committee was responsible for approving the compensation of our Founding NEOs only. Mr. Blank joined us as Vice President and General Counsel in January 2014 and Mr. Keeler was promoted to Chief Accounting Officer in June 2014. Our CEO made the 2014 compensation decisions for Mr. Blank and Mr. Keeler. Going forward, the Compensation Committee will be responsible for approving the compensation of all executive officers of the Company, as defined in the Committee Charter. The Compensation Committee relies on its own review and advice of its independent advisor in establishing top executive pay. The Compensation Committee seeks the input of the CEO in making executive pay decisions, but all decisions are made by the Compensation Committee.

After the completion of fiscal year 2014, the Compensation Committee approved 2014 annual incentive payouts for our Founding NEOs based on the performance objectives established at the beginning of the year. In April 2014, the Compensation Committee approved long-term incentive awards to our NEOs under our 2013 Long-Term Incentive Plan.

Independent Advisor to the Committee

Since our initial public offering, the Compensation Committee has engaged Semler Brossy Consulting Group ("Semler Brossy") as its independent advisor. Semler Brossy's duties include preparation of material for the Compensation Committee's NEO pay analysis, review of our peer group, recommendation for independent director compensation, discussion and analysis of potential incentive programs, and work on behalf of the Compensation Committee to

review management's recommendations to the Compensation Committee about executive pay matters. Semler Brossy has been retained by and reports directly to the Compensation Committee, and does not provide any services to us other than those described above. The Compensation Committee assessed Semler Brossy's independence in light of the SEC requirements and NYSE listing standards and determined that Semler Brossy's work did not raise any conflict of interest or independence concerns.

Peer Group and Market Data

The Compensation Committee periodically examines market data to understand both pay levels and pay practices. The Compensation Committee primarily reviews data from a peer group that consists of other publicly-traded homebuilding companies, which the Compensation Committee believes is an appropriate list of competitors for business and/or talent. The Compensation Committee uses peer group data to assess the reasonableness of top executive officer pay and generally seeks to ensure the aggregate compensation for the top three executive officers is comparable to similarly-sized companies over time.

However, the Compensation Committee does not have an explicit pay positioning strategy relative to peers by component of pay or by executive, and our pay levels for the top three executive officers are intentionally less differentiated than would be expected in the market. This limited differentiation recognizes that our Founding NEOs have historically functioned as partners in the business with greater sharing of responsibilities among executives than would be the case at many other companies.

The peer group below was approved by the Compensation Committee in April 2014 and used to support 2014 compensation decisions for our top three executives.

2014 Peer Group	
Beazer Homes USA	NVR
Brookfield Residential	PulteGroup
D.R. Horton	Ryland Group
Hovnanian Enterprises	Standard Pacific
KB Home	Taylor Morrison
Lennar	Toll Brothers
M.D.C.	William Lyon Homes
M/I Homes	WCI Communities
Meritage Homes	UCP, Inc.

Many of the peer companies were larger than us at the beginning of 2014 (before the Merger), in terms of revenue and market capitalization, and so the peer group data were regressed based on relative revenues in order to understand the relationship between compensation levels and company size. In addition to these publicly available proxy statement data, the Compensation Committee also considered pay data from general industry surveys to assess the reasonableness of the pay levels.

Going forward, the Compensation Committee has removed the following homebuilders from the peer group because they are significantly smaller than us following the Merger: William Lyon Homes, WCI Communities, and UCP, Inc. Over time, the Compensation Committee intends to target aggregate pay for the CEO, COO, and CFO around the median of peers, without any explicit target positioning by component of pay or by executive.

2014 Advisory Vote on Executive Compensation

At our 2014 Annual Meeting of Stockholders, our stockholders voted to approve on an advisory basis the compensation of our NEOs. More than 99.5% of the votes cast with respect to this proposal were cast for approval of our NEOs' compensation. The Compensation Committee determined that the executive compensation philosophy and compensation elements continued to be appropriate. Although we continue to refine our compensation programs as a

public company, we did not make any change specifically in response to the advisory vote of our stockholders.

In addition, our stockholders voted on an advisory basis with respect to the frequency of future advisory votes to approve the compensation of our NEOs. Approximately 66% of the votes cast on this proposal were cast for a frequency of every three years. Our Board of Directors believes that a vote every three years is a more appropriate timeframe for stockholders to assess executive pay practices at the Company as our executive pay practices continue to evolve and change with the transformation of the Company, and these changes will take place over a timeframe longer than a single year.

NEO Pay Programs

Our NEOs' compensation mix emphasizes variable pay and promotes long-term stockholder value, but the Compensation Committee does not target a particular pay mix. Our emphasis on incentive compensation creates greater alignment with the interests of our stockholders, focuses decision-makers on the creation of long-term value rather than only short-term results, and encourages prudent evaluation of risks. The charts below illustrates the percentages of our NEOs' percentage of target total direct compensation attributable to (i) salary; (ii) annual incentive target; and (iii) long-term incentives. The incentive mix for our Founding NEOs is more substantially performance-based recognizing the higher level of responsibility of these executives and their greater ability to influence overall business results.

The table below describes the three elements of compensation for our NEOs. In addition to these compensation elements, our NEOs participate in benefits and other programs as described in "Other Compensation Programs and Policies".

Pay Element	Purpose	2014 Description
Salary	Provide a competitive level of fixed compensation to attract and retain talented executives	Fixed cash compensation level that is reviewed annually and adjusted depending on an executive officer's responsibilities, performance, skills and experience as compared with relevant market data.
Annual Cash Incentive	Motivate and reward executives for achieving annual financial performance goals	Cash payment determined based upon achievement of a pre-established financial goal. For 2014, Messrs. Bauer, Mitchell and Grubbs' annual incentive was based on EBITDA. Target opportunity for each executive expressed as a percentage of base salary. Actual payouts can range from 0% to 125% of target, based on performance. For 2014, Messrs. Blank and Keeler's annual incentive was based on company and individual performance as determined by the CEO.
Long-term Incentive	Motivate and reward executives' contributions to enhancing long-term shareholder value and the achievement of long-term business objectives; encourage executive retention	2014 long-term incentive grants consisted of 50% stock options and 50% restricted stock units ("RSUs") for Messrs. Bauer, Mitchell and Grubbs. For all other executive officers, including Messrs. Blank and Keeler, 2014 long-term incentive grants consisted of 100% RSUs. Stock options and RSUs vest ratably over a three year period.

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2014 NEO Compensation Decisions

Salary

Our NEOs' base salaries are intended to provide a competitive level of fixed compensation in order to attract and retain talented executives. For 2013, our Founding NEOs' base salaries were established by their employment agreements that were entered into immediately prior to our initial public offering. Base salaries are generally set based on the executive's responsibilities, performance, skills, and experience as compared with relevant market data.

The table below compares the NEOs' base salaries for 2013 and 2014.

Executive	2013 Base Salary	2014 Base Salary	% Increase
Douglas F. Bauer	$410,000	$500,000	+22 %
Thomas J. Mitchell	$400,000	$475,000	+19 %
Michael D. Grubbs	$400,000	$450,000	+13 %
Glenn J. Keeler	$175,000	$200,000	+14 %
Bradley W. Blank*	—	$325,000	—

*2013 base salary and % increase are not applicable because Mr. Blank was not our employee during fiscal year 2013. In 2014, the base salaries for our Founding NEOs reflected significant increases as part of the Compensation Committee's recognition that pay levels established prior to our initial public offering continued to lag market practices for public company executives. These salary changes were made without consideration of the WRECO Merger in mid-2014.

Mr. Keeler's 2014 base salary increase was approved by our CEO prior to the Merger, based on his responsibilities, performance, skills, and experience as compared with relevant market data. Mr. Blank joined us in January 2014. His 2014 base salary was determined based on market information and his skills and prior experience.

Annual Cash Incentive

We designed our annual incentive program to motivate and reward executives for achieving pre-established company performance objectives. Under the 2014 annual incentive program, our Founding NEOs were each eligible to receive a cash bonus of up to a maximum of 125% of his base salary based on our achievement of a pre-established consolidated Earnings Before Interest Taxes and Depreciation and Amortization ("EBITDA") goal. The EBITDA goal includes the financial results of WRECO and legacy TRI Pointe for the entire fiscal year 2014. The Compensation

Committee chose EBITDA as the performance metric because it believes that EBITDA is an important indicator of our profitability, and a key metric that stockholders use to assess the homebuilder industry.

For Messrs. Keeler and Blank, annual incentives were determined by the CEO based on overall Company performance and individual considerations, without reference to any specific formula or goal.

At the beginning of 2014, the Compensation Committee approved annual incentive targets for our Founding NEOs, and the CEO approved Mr. Keeler's annual incentive target. These annual incentive targets are defined as a percentage of their base salary and are determined based on the executive's responsibilities, skills, and experience as compared with relevant market data. Mr. Blank's 2014 annual incentive target was established at the time of his hire based on market information and his skills and prior experience. The table below compares our executives' 2013 and 2014 annual incentive targets:

	2013 Annual Incentive Target		2014 Annual Incentive Target	
Executive	% of Salary	$	% of Salary	$
Douglas F. Bauer	100%	$410,000	100%	$500,000
Thomas J. Mitchell	100%	$400,000	100%	$475,000
Michael D. Grubbs	100%	$400,000	100%	$450,000
Glenn J. Keeler	50 %	$87,500	75 %	$150,000
Bradley W. Blank*	—	—	50 %	$162,500

*2013 annual incentive target not applicable because Mr. Blank was not our employee during fiscal year 2013.
As shown in table above, our Founding NEOs did not receive increases in their annual incentive targets as a percentage of base salary, but the dollar value of their annual incentive opportunity increased as a result of their 2014 base salary increases.

Under our annual incentive plan, the payouts may range from 0% to 125% of the Founding NEO's target annual incentive opportunity, as follows:

- Achievement of the threshold goal (75% of the relevant performance goal) would result in a cash bonus equal to 75% of the Founding NEO's annual incentive target;
- Achievement of the target goal (100% of the relevant performance goal) would result in a cash bonus equal to 100% of the Founding NEO's annual incentive target;
- Achievement of the maximum goal (125% of the relevant performance goal) would result in a cash bonus equal to 125% of the Founding NEO's annual incentive target; and
- Achievement between the threshold, target and maximum levels resulting in payments calculated on a linear one to one increase or decrease.

Achievement below threshold would result in zero incentive payout for the executives.

For fiscal year 2014, the EBITDA goal approved by the Compensation Committee after the consummation of the Merger was $324.2 million. Actual EBITDA for fiscal year 2014 was approximately $269.4 million, or 83.1% of the EBITDA goal, as shown in the table below. Actual EBITDA and the EBITDA goal includes the financial results of WRECO and legacy TRI Pointe for the entire fiscal year 2014.

2014 Annual Incentive Results

(dollars in thousands)

	Goal	Actual 2014	Percent of Target	
EBITDA	$324,166	$269,364	83.1	%

The table below presents the results of our 2014 annual incentive programs and the corresponding payouts to each executive based on these results.

	Perf. (%)	2014 Annual Incentive Payout % of Salary	$
Annual Incentive Based on EBITDA			
Douglas F. Bauer	83.1%	83.1 %	$415,500
Thomas J. Mitchell	83.1%	83.1 %	$394,725
Michael D. Grubbs	83.1%	83.1 %	$373,950
Annual Incentive Determined by CEO			
Glenn J. Keeler	—	100%	$200,000
Bradley W. Blank	—	50 %	$162,500

In addition to our regular annual incentive program, each of Messrs. Bauer, Mitchell, Grubbs and Keeler was eligible to receive a bonus in 2014 for their efforts in connection with the Merger. These bonuses of $150,000 each for Messrs. Bauer, Mitchell and Grubbs and $50,000 for Mr. Keeler were paid upon the consummation of the Merger. These are included under the Bonus column in the Summary Compensation Table below.

Long-term Incentives

The Compensation Committee believes that a substantial portion of each NEO's compensation should be in the form of long-term equity incentive compensation. While our annual cash incentive plan rewards executives for actions that impact short-and mid-term performance, the Compensation Committee recognizes that long-term equity incentive awards also serve the interests of our stockholders by:

- Giving key employees the opportunity to participate in the long-term appreciation of our common stock;
- Encouraging executives to create and sustain stockholder value over longer periods because the value of equity awards is directly attributable to changes in the price of our common stock over time; and
- Promoting executive retention because the full value of equity awards cannot be realized until vesting occurs, which generally requires continued employment for multiple years.

As part of the regular annual long-term incentive grants, in April 2014 the Compensation Committee determined the value of Founding NEOs' equity awards based on the executive's responsibilities, skills, experience and contributions, as assessed by the Compensation Committee in its discretion. Also, as part of the regular annual long-term incentive grants, in April 2014 our CEO made recommendations to the Compensation Committee for other senior executives', including Messrs. Blank and Keeler's, equity awards based on the executive's responsibilities, skills, experience, and contributions, and relevant market information. The Compensation Committee granted executives long-term incentive awards as follows:

	2014 Target Long-term Incentive Awards		
Executive	Options	RSUs	Total
Douglas F. Bauer	$500,000	$500,000	$1,000,000
Thomas J. Mitchell	$487,500	$487,500	$975,000
Michael D. Grubbs	$475,000	$475,000	$950,000
Glenn J. Keeler	—	$125,000	$125,000
Bradley W. Blank	—	$100,000	$100,000

These 2014 long-term incentive awards were granted in April 2014, following the Compensation Committee's approval. For the Founding NEOs, the Compensation Committee granted a combination of stock options (50% of grant value) and restricted stock units (50% of grant value). Stock options were granted because these awards create value only to the extent our stock price appreciates over the stock price at the time of grant, which we believe motivates our executives to focus on long-term value creation for our stockholders. RSUs were granted because

these awards reward executives for stock price appreciation, while providing more stable value to enhance executive retention and limiting incentives for undue risk-taking. For the other executive officers, the Compensation Committee granted awards of 100% RSUs in order to align the interests of the executive officers and stockholders by rewarding stock price appreciation and enhance retention. Both the 2014 stock option and RSU awards promote executive retention by vesting ratably over a three-year period.

2015 NEO Pay Programs

Following the closing of the Merger, the newly constituted Compensation Committee undertook a process to assess the implications on executive pay practices of the transformation of the Company from one of the smallest to one of the largest publicly-traded homebuilders. As a result of this assessment, the Compensation Committee made number of changes to executive pay for 2015 to better align pay practices with other large homebuilders. This includes the adoption of a new performance-based share plan for select executive officers for 2015.

More specifically, for the Founding NEOs (who are expected to continue to be NEOs in 2015), the Compensation Committee took the following actions with respect to 2015 compensation matters:

- Base salary. The Compensation Committee approved 2015 base salary increases for Messrs. Bauer, Mitchell, and Grubbs of $100,000, $100,000, and $50,000 respectively. The Compensation Committee considered the increased size and scope of the company’s operations and the executive’s responsibilities in determining to increase their base salaries.
- Annual Incentive Program. The Compensation Committee approved the performance metric of earnings per share for cash performance awards to each of the Founding NEOs. Payouts. if any, will be based on the Company's achievement of specified earnings per share objectives and will be calculated based on percentages of each officer's target annual incentive of 110% of the officer's base salary. The payout range was expanded to be more consistent with market, with a payout of 50% of target for threshold level performance and an upside of 200% of target for maximum performance.
- Long-term Incentive Awards. The Compensation Committee awarded 411,804, 384,351, and 274,536 performance-based RSUs to the Company’s Chief Executive Officer, President and Chief Financial Officer, respectively. The Compensation Committee established three separate performance goals for these awards – relative total stockholder return, earnings per share, and stock price. One-third of the RSUs awarded to each officer was allocated to each of these performance goals. The amounts awarded represent the maximum number of RSU awards that may vest (200% of the target award). Vesting, if at all, will in each case be based on the percentage attainment of the applicable goal. The Company's relative total stockholder return will be compared to a group of similarly-sized homebuilders. The performance periods for the RSUs with vesting based on relative total stockholder return and earnings per share are January 1, 2015 to December 31, 2017. The performance period for the RSUs with vesting based on stock price is January 1, 2016 to December 31, 2017.

The Compensation Committee believes that this new performance-based equity incentive plan with a balance of performance metrics is both consistent with market best practices for executive pay and rewards appropriately for company performance over time.

These changes in target total annual compensation are summarized in the table below.

	2015 Total Target Compensation by Element			
Executive	Base	Target	Target	Total

	Salary	Annual Incentive	Long-term Incentive	
Douglas F. Bauer	$600,000	$660,000	$3,000,000	$4,260,000
Thomas J. Mitchell	$575,000	$633,000	$2,800,000	$4,008,000
Michael D. Grubbs	$500,000	$550,000	$2,000,000	$3,050,000

For comparison, the target total annual compensation for 2014 was as follows:

2014 Total Target Compensation by Element

Executive	Base Salary	Target Annual Incentive	Target Long-term Incentive	Total
Douglas F. Bauer	$500,000	$500,000	$1,000,000	$2,000,000
Thomas J. Mitchell	$475,000	$475,000	$975,000	$1,925,000
Michael D. Grubbs	$450,000	$450,000	$950,000	$1,850,000

The Compensation Committee approved awards of time-vested RSUs to the Company's other executive officers, with one-third vesting each year beginning on the first anniversary of the date of grant. The Compensation Committee established a performance metric of pre-tax income for the Company's 2015 annual incentive program for all other executive officers. The Compensation Committee also established payout percentages of base salary for each executive officers at threshold, target and maximum levels with a 20% adjustment factor to reflect individual performance. The Compensation Committee believes that this allows it to establish objective performance targets while retaining the ability to eliminate or reduce payouts based on individual performance.

Other Compensation Programs and Policies

Severance and Change in Control Benefits

We entered into the employment agreements with our Founding NEOs immediately prior to our initial public offering in January 2013. These agreements govern the treatment of each executive upon a termination of employment, among other considerations, and have an initial term expiring on January 31, 2016.

See the “Executive Compensation – Employment Agreement and Potential Payments upon Termination or Change-in-Control” section of this proxy statement for further information regarding the severance provisions and a quantification of the compensation to be received in the event of a change-in-control or termination of our Founding NEO’s employment as of December 31, 2014. The triggering events specified in our Founding NEO’s employment agreements were determined prior to our initial public offering in negotiations with our principal investor at that time.

Benefits

Our NEOs participate in retirement and benefit plans generally available to our, and on the same terms as other employees. These benefits include a 50% match on their 401(k) contributions up to $7,650 as well as medical, vision, dental, employee assistance program, life insurance and long-term disability coverage. We also provide certain of our executive officers with a car allowance, an automobile insurance policy, reimbursement of life insurance premiums and reimbursement of club membership dues.

Share Ownership Guidelines

Our Board of Directors has adopted stock ownership guidelines for executive officers of 5x base salary for the CEO and the COO, 3x base salary for the CFO, and 1x base salary for all other Corporate Vice Presidents and Homebuilding/Division Presidents. Executives have five years from the date on which they become subject to the guidelines to satisfy the applicable guideline level. For the purposes of these guidelines, ownership includes shares

beneficially owned and unvested restricted stock and RSU awards. Unexercised options, whether vested or not, do not count as stock "owned" under these guidelines. If a participant is not in compliance with the applicable guideline, he or she is required to retain 60% of shares earned net of taxes from any of our incentive plans until he or she is in compliance with the guidelines.

No Hedging of Company Stock

As described further in the our policy on insider trading, all directors, officers, and other employees are prohibited from entering into transactions which have the effect of hedging the economic value of any direct or indirect interests of the person in our common equity.

Tax Deductibility; Section 162(m)

As a publicly-traded company, we are subject to Section 162(m) of the Internal Revenue Code which limits our ability to deduct for U.S. income tax purposes compensation in excess of $1 million paid to our CEO and three other most highly compensated officers (other than our CFO) unless the compensation is performance-based under Section 162(m). The Compensation Committee considers tax deductibility to be an important, but not the sole or primary, consideration in setting executive compensation. Because the Compensation Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet the standards of Section 162(m) when necessary to enable us to continue to attract, retain, and motivate highly-qualified executives, it reserves the authority to approve potentially non-deductible compensation.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management.

Based on such review and discussion with management, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2014.

Compensation Committee

Kristin F. Gannon (Chair)*

Steven J. Gilbert

Constance B. Moore*

* Appointed to the Compensation Committee of our Board of Directors in July 2014.

OWNERSHIP OF OUR COMMON STOCK

The following table sets forth the beneficial ownership of common stock as of March 13, 2015 by (i) each of our directors, (ii) each of our executive officers, (iii) all of our directors and executive officers as a group and (iv) each person known by us to be the beneficial owner of 5% or more of outstanding common stock.

To our knowledge, each person named in the table has sole voting and investment power with respect to all of the securities shown as beneficially owned by such person, except as otherwise set forth in the notes to the table. The number of securities shown represents the number of securities the person "beneficially owns," as determined by the rules of the SEC. The SEC has defined "beneficial" ownership of a security to mean the possession, directly or indirectly, of voting power and/or investment power. A security holder is also deemed to be, as of any date, the beneficial owner of all securities that such security holder has the right to acquire within 60 days after that date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement or (iv) the automatic termination of a trust, discretionary account or similar arrangement. Except as noted below, the address for all beneficial owners in the table below is 19540 Jamboree Road, Suite 300, Irvine, California 92612.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percentage
Directors and Executive Officers:		
Mr. Douglas F. Bauer	1,144,417	*
Mr. Lawrence B. Burrows	9,367	*
Mr. Daniel S. Fulton	37,723	*
Ms. Kristin F. Gannon	7,650	*
Mr. Steven J. Gilbert	30,096	*
Mr. Christopher D. Graham	7,650	*
Ms. Constance B. Moore	27,650	*
Mr. Thomas B. Rogers	27,386	*
Mr. Barry S. Sternlicht[1]	11,993,555	7.4 %
Mr. Bradley W. Blank	2,061	*
Mr. Michael D. Grubbs	1,040,104	*
Mr. Floyd W. Holder	171,028	*
Mr. Glenn J. Keeler	3,579	*
Mr. Kenneth E. Krivanec	78,709	*
Ms. Linda H. Mamet	—	*
Mr. Thomas J. Mitchell	1,150,759	*
Mr. Alan E. Shapiro	181,343	*
Mr. Andrew P. Warren	110,849	*
All directors, director nominees and executive officers as a group (18 persons)	16,023,926	9.9 %
5% or more Stockholder:		
VIII/TPC Holdings, L.L.C. ("Starwood Fund")[1][2]	11,985,905	7.4 %
Blackrock[3][4]		

US$2,255,000 US$130,000 US$550,000 US$1,575,000 Nil

Sierra de Ramirez Property					
Adargas Property	US$2,000,000	US$200,000	US$700,000	US$1,100,000	Nil
Cinco de Mayo Property	US$2,000,000	US$200,000	US$700,000	US$1,100,000	Nil
TOTAL	US$13,755,000	US$980,000	US$5,600,000	US$7,175,000	Nil

* A description of the written and oral agreements pursuant to which these obligations arise is contained in Item 4. Information on the Company Business Overview.

Lagartos

Lagartos was incorporated in September 2001 and commenced operations in June 2002 when negotiations commenced leading to the Juanicipio Agreement. Lagartos then entered into the Don Fippi Agreement and the Guigui Agreement. The results of operations of Lagartos are consolidated into the financial statements of the Company commencing January 15, 2003.

Critical Accounting Policies

The Company s accounting policies are set out in Note 2 of the accompanying Consolidated Financial Statements. There are two policies that, due to the nature of the mining business, are more significant to the financial results of the Company. These policies relate to the capitalizing of mineral exploration expenditures and the use of estimates.

Under Canadian GAAP, the Company deferred all costs relating to the acquisition and exploration of its mineral properties. 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 regularly reviews deferred exploration costs 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.

Management reviews the carrying value, for accounting purposes, of mineral rights and deferred exploration costs on at least a quarterly basis for evidence of impairment. This review is generally made with reference to the project economics, including the timing of the exploration work, work programs proposed, exploration results achieved by the Company and others in the related area of interest and any changes in the status of the property. When the results of this review indicate that a condition of impairment exists, the Company estimates the net recoverable amount of the deferred exploration costs and related mining rights by reference to the potential for success of further exploration activity and the likely proceeds to be received from a sale or assignment of rights. When the carrying values of mineral rights or deferred exploration costs are estimated to exceed their net recoverable amounts, a provision is made for the decline in the value.

When assessing for evidence of impairment, the Company also refers to the other factors relevant for companies in the extractive industries. These factors include unfavourable changes in the property (including disputes as to title), inability to access the site, environmental restrictions on exploration or development and political instability in the region in which the property is located. Furthermore, the Company concludes an event of impairment has occurred when any of the following conditions exist:

a.

the Company s work program on a property has significantly changed such that previously-identified resource targets or work programs are no longer being pursued;

b.

exploration results are not promising and no more work is being planned in the foreseeable future; or

c.

remaining lease terms are insufficient to conduct necessary exploration work.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property does create measurement uncertainty concerning the calculation of the amount of impairment. 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. The latter will often be indicated by offers that the Company or others have received for exploration rights in the same or similar geological area. In many cases, the identified condition of impairment will result in a determination that no further exploration activity be performed and the amount of the writedown is the entire carrying value of the interest.

Under U.S. GAAP, the Company expensed all costs relating to the exploration of its mineral properties prior to the establishment of proven and probable reserves. After that point, these costs are capitalized as development costs. 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. Furthermore, under recent SEC guidance, the costs of acquisition of mineral property rights are considered intangible assets and should be amortized over their useful life, which in the case of a mineral right on a property without proven and probable reserves is the lesser of the period to expiry of the right and the estimated period required to develop or further explore the mineral assets. As a result, under U.S. GAAP, the Company is amortizing the cost of the mineral property rights acquired in the Lagartos transaction on a straight line basis over a period of 12 to 17 months.

The Company s financial statements are based on the selection and application of significant accounting policies, some of which require management to make estimates and assumptions. Estimates are based on historical experience and on our future expectations that are believed to be reasonable; the combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from our current estimates and those differences may be material. ~~We believe that the following are some of the more critical judgment areas in the application of our accounting policies that currently affect our financial condition and results of operations.~~

Differences between Canadian and United States Generally Accepted Accounting Principles

During the ~~six~~nine months ended ~~June~~September 30, 2003, net loss under Canadian GAAP was $~~274,525~~535,066 compared to a net loss of $~~1,645,506~~2,961,417 under US GAAP. The difference relates to the expensing of exploration costs of $~~502,981~~1,356,351 under US GAAP which are capitalized as part of resource property interests under Canadian GAAP, the recording of amortization expense of $~~268,000~~470,000 related to mineral property rights acquired from Lagartos and the recording of compensation of $600,000 relating to shares held in escrow for which the conditions of their release have been satisfied during the period.

During the year ended December 31, 2002, net loss under Canadian GAAP was $122,631 compared to a net loss of $160,433 under US GAAP. The difference relates to the expensing of exploration costs of $37,802 under US GAAP.

There were no differences in the Company s financial statements between Canadian GAAP and US GAAP for the years ended December 31, 2001 or 2000.

Under Canadian GAAP, exploration costs are capitalized until such time as management determines that the value of the resource properties are impaired or commercial production of the mineral resource properties commences. Under US GAAP, exploration costs are not capitalized until a feasibility study has been completed indicating the presence of

economically mineable reserves.

Under US GAAP, costs of acquiring mineral property rights are considered intangible assets and are amortized over their estimated useful life which in the Company's case is the estimated period required to develop or further explore the mineral assets.

Under US GAAP, the satisfaction of conditions for the release of escrow shares is compensatory in nature. Under Canada GAAP, the Company's shares issued with escrow restrictions are recorded at their issue price and are not revalued upon their release from escrow.

~~ITEM 6.~~ ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

The following table sets forth all of our current directors and executive officers, with each position and office held by them. Each director's term of office expires at the next annual general meeting of shareholders.

All of our directors and senior management own, as a group, ~~3,180,300~~3,073,000 shares or ~~15.31~~13.31% of all of the outstanding shares as at ~~September 30,~~December 31, 2003.

Name, Age and Position Held	Director since	Principal Occupation During the Past Five Years
George Young, ~~51~~52 Director, President and Chief Executive Officer	March 31, 2003	April 2003 to present, President of the Company; Attorney with Pruitt Gushee & Bachtell from March 1998 to November 2002; previously Chief Executive Officer of Oro Belle Resources Corporation from September 1996 to March 1998
David G.S. Pearce, 48 Secretary, Director and Audit Committee Member	June 11, 1999	1999 to April 2003, President of the Company; 1999 to present, director of the Company; June 1995 to present, President of Function Gate Hardware Ltd. and Function Gate Holdings Ltd.; 1992 to present, President of Mega Capital Corp.; 1992 to present, director of Kruger Capital Corp.; 1990 to present, President of Palmer Beach Properties
Eric H. Carlson, ~~44~~45 Director and Audit Committee Member	June 11, 1999	1999 to present, a director of the Company; July 1994 to present, President and Chief Executive Officer, Anthem Properties (1993) Ltd.; July 1994 to present, President and Chief Executive Officer, Anthem Properties Corp.; 1992 to present, President of Kruger Capital Corp.
R. Michael Jones, ~~39~~40 Director and Audit Committee Member	March 31, 2003	President of Platinum Group Metals Ltd. from February 2000 to present; previously Vice President of Corporate Development for Aber Resources Ltd. from September 1997 to September 1999.

	N/A	Chief Financial Officer of the Company since April 30, 2003; 2002 to present, Chief Financial Officer of Platinum Group Metals Ltd.; 1998 to present, Chief Financial Officer and Director of Derek Resources Corporation; previously Chartered Accountant with Coopers and Lybrand (now PricewaterhouseCoopers)

The business background and principal occupations of our officers, directors, and senior management for the preceding five years are as follows:

George S. Young (Age ~~51)~~52)

Mr. Young is the Company's President and Chief Executive Officer. Mr. Young is an attorney and engineer by profession, formerly practicing law with the firm of Pruitt Gushee & Bachtell in Salt Lake City, Utah. He also holds a B.Sc. in Metallurgical Engineering and a J.D. degree from the University of Utah and began his career at Kennecott Copper Corporation involved in the construction and start-up of a new copper smelter and later as general counsel and in management of major mining corporations and utilities. Previous positions include the President, CEO and Director of Oro Belle Resources Corporation and General Counsel for Bond International Gold, Inc. Mr. Young is also currently a director of Bell Coast Capital Corp., an exploration company with properties in Mongolia, ~~and~~ is a director and president of Palladon Ventures Ltd., an exploration company with properties in Southern Argentina and is a director and officer of Fellows Energy Limited.

Mr. Young will devote approximately 95% of his time towards the Company's affairs. He has not entered into a non-competition or non-disclosure agreement with the Company.

David G.S. Pearce (Age 48)

Since 1982, Mr. Pearce has been President of Mega Capital Corp., an investment holding company with real estate and equity holdings in the United States and Canada. Mr. Pearce co-founded, jointly with Robert C. Thornton, Mega Entertainment Corp., a subsidiary of Mega Capital Corp., which had video retail operations in 29 locations and was sold to Rogers Cable in June 1994. Mr. Pearce has also been President of Palmer Beach Properties Inc. since January 1990, which is an investment company with real estate, retail and equity holdings in Canada. Since June 1995, Mr. Pearce has been President of both Function Gate Hardware Ltd., which owns and operates a home hardware store in Whistler, British Columbia, and Function Gate Holdings Ltd., a real estate development company operating in Whistler, British Columbia.

Mr. Pearce has been a director of Kruger Capital Corp., a public company listed on the Exchange and involved in ownership and financing of commercial real estate since December 1992.

Mr. Pearce devotes approximately 30% of his time towards the Company's affairs. He has not entered into a non-competition or non-disclosure agreement with the Company.

Eric H. Carlson (Age ~~44)~~45)

Mr. Carlson has over 17 years of real estate investment, development, and management experience. Mr. Carlson has been President and Chief Executive Officer of Anthem Properties Corp. (Anthem) since July 1994. Anthem is an investment group that specializes in the acquisition and management of Class B retail, multi-family residential and office properties in high growth markets in Canada and the United States. Mr. Carlson has also been President and a

director of Kruger Capital Corp. since December 1992. Mr. Carlson is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of British Columbia.

Mr. Carlson devotes approximately 10% of his time towards the Company's affairs. He has not entered into a non-competition or non-disclosure agreement with the Company.

R. Michael Jones (Age ~~39)~~40)

Mr. Jones graduated from the University of Toronto in 1985 with a Bachelor of Applied Sciences Degree in Geological Engineering. He is a professional engineer licensed in Ontario, Canada. He has worked in the mining industry since 1985 and is currently the President of Platinum Group Metals Ltd. His experience includes exploration and mining development and production in public companies since 1985.

Mr. Jones ~~will devote~~devotes approximately 20% of his time towards the Company's affairs. He has not entered into a non-competition or non-disclosure agreement with the Company.

Frank R. Hallam (Age 43)

Mr. Hallam is a former auditor with Coopers and Lybrand (now PricewaterhouseCoopers). He has extensive experience at the senior management level with several publicly-listed resource companies. Mr. Hallam is the former President, CEO and director of New Millennium Metals Corp. In addition to serving as Chief Financial Officer and director of the Company, Mr. Hallam serves as the Chief Financial Officer and director of Platinum Group Metals Ltd. and of Derek Resources Corporation.

Mr. Hallam ~~will devote~~devotes approximately 20% of his time towards the Company's affairs. He has not entered into a non-competition or non-disclosure agreement with the Company.

Compensation

The directors of the Company do not receive any cash compensation for services rendered in their capacity as directors of the Company. Certain information about payments to particular officers and directors is set out in the following table:

		Annual Compensation			Long Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year Ended	Salary ($)	Bonus ($)	Other Annual Compen-sation ($)	Securities Under Options/ SARs[1] Granted (#)	Restricted Shares or Restricted Share Units ($)	LTIP[2] Payouts ($)	All Other Compen-sation ($)
George S. Young	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
President and CEO	2001	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	1999	Nil	Nil	Nil	Nil	Nil	Nil	Nil

			- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
David G.S. Pearce	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Secretary and Director; Former President and CEO	2001	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
	2000	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
	1999	- Nil	- Nil	- Nil	100,000 [3]	- Nil	- Nil	- Nil
Eric H. Carlson	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Director; former CFO	2001	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
	2000	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
	1999	- Nil	- Nil	- Nil	100,000 [3]	- Nil	- Nil	- Nil
	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2001	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	Nil
	2000	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil
	1999	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil	- Nil

Notes:

(1)

SAR or stock appreciation right means a right granted by the Company, as compensation for services rendered, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of publicly traded securities of the Company. No SARs have been issued by the Company.

(2)

LTIP or long term incentive plan means any plan that provides compensation intended to serve as incentive for performance to occur over a period longer than one financial year, but does not include option or stock appreciation right plans or plans for compensation through restricted shares or restricted share units.

(3)

These Options are exercisable at a price of $0.20 each until April 19, 2005.

George Young currently receives US$6,000 per month for services rendered in his capacity as the President of the Company.

Pension Plans

We do not provide pension, retirement or similar benefits for directors, senior management or employees.

Board Practices

The current directors were elected to their positions at the annual meeting of shareholders held on March 31, 2003. Each of the directors continues to serve until the next meeting of shareholders to be held in 2004 unless his office is vacated earlier in accordance with the Articles of the Company or the provisions of the *Company Act* (British Columbia). Our directors are appointed annually at the annual general meeting of shareholders. Our officers are elected by the board and serve at the board s pleasure. We have not entered into service contracts with any of our directors. We have not formed a compensation committee. The Audit Committee, comprised of David Pearce, Eric Carlson and R. Michael Jones, meets once per quarter. ~~We have not formed a compensation committee~~The audit committee also meets periodically with management and the independent auditors to review financial reporting and control matters. It is responsible for reviewing with the independent auditor all financial statements of the Company to be submitted to an annual general meeting of our shareholders, prior to their consideration by the Board of Directors.

Employees

As of ~~September 30,~~December 31, 2003, we had a total of one full-time and six part-time employees/contract employees/consultants located in the Vancouver office. None of the employees are unionized.

Share Ownership

Name and Title	**Share Ownership** [(1)]	**% Share Ownership**
George S. Young *Director, President and Chief Executive Officer*	~~620,000~~595,000	~~3~~2.58%
David G.S. Pearce *Director, Secretary and Audit Committee Member*	~~981,000~~1,005,000	~~5~~4.35%
Eric H. Carlson *Director and Audit Committee Member*	~~1,020,500~~975,500	~~5~~4.22%
R. Michael Jones *Director and Audit Committee Member*	~~458,800~~422,500	~~2~~1.83%
Frank Hallam *Chief Financial Officer*	~~100,000~~75,000	~~0.5~~0.32%
All Directors and Senior Management as a group	**~~3,180,300~~3,073,000**	**~~15~~13.31%**

Notes:

(1) Includes options described in the table below as well as all warrants to purchase common shares of the Company.

Stock Options

The following options of the Company are presently outstanding:

Name	**Expiry Date**

	Position with the Company	Number of Common Shares under Option	Exercise Price	
George S. Young	Director, President and Chief Executive Officer	175,000 50,000 **225,000**	$0.50 $0.70	April 22/08 May 12/08
David G.S. Pearce	Director, Secretary and Audit Committee Member	100,000 75,000 50,000 **225,000**	$0.20 $0.50 $0.70	April 19/05 April 22/08 May 12/08
Eric H. Carlson	Director and Audit Committee Member	100,000 75,000 50,000 **225,000**	$0.20 $0.50 $0.70	April 19/05 April 22/08 May 12/08
R. Michael Jones	Director	175,000 50,000 **225,000**	$0.50 $0.70	April 22/08 May 12/08
Grace To	Consultant	75,000 50,000 **125,000**	$0.50 $0.70	April 22/08 May 12/08
Frank Hallam	Chief Financial Officer	75,000	$0.70	May 12/08
Marshall House	Consultant	30,000	$0.70	May 12/08
John Foulkes	Consultant	30,000	$0.77	July 9/08
Carrie Cojocari	Consultant	10,000	$0.77	July 9/08

~~ITEM 7.~~ ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

The following table sets forth, as at ~~September 30,~~December 31, 2003, certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our outstanding common shares including the executive officers and directors as a group. Unless otherwise indicated by footnote, we believe that the beneficial owners of the common shares listed below, based on information furnished by such owners, have sole investment and voting power with respect to such common shares, subject to community property laws where applicable. Beneficial ownership is determined in accordance with the rules of the United States Securities and Exchange Commission and generally includes voting or investment power with respect to securities. The shareholders below have identical voting rights to the other shareholders.

Title of Class	Identity of Holder	Date	Number of Common Shares	Percentage of Beneficially Owned
Common Shares	The Prudent Bear Fund, Inc.	~~September 30~~December 31/03	2,000,000	~~10~~8.7%
~~Common Shares~~	~~David G.S. Pearce~~	~~September 30/03~~	~~981,000~~	~~5%~~
~~Common Shares~~	~~Eric H. Carlson~~	~~September 30/03~~	~~1,020,500~~	~~5%~~

United States Shareholders

As of ~~October 6,~~December 31, 2003 we had ~~17~~18 registered shareholders with addresses in the United States representing ~~15~~13.23% of the then issued and outstanding shares. In addition, residents of the United States may

beneficially own common shares registered in the names of non-residents of the United States.

Related Party Transactions

None of our directors or senior officers, and no associates or affiliates of any of them is or has been materially indebted to us or our subsidiaries at any time. None of our experts or counsel was employed on a contingent basis or owns any shares which is material to such person.

In October 1999, the Company ~~issued~~raised $150,000 through the issuance of 1,500,000 Common Shares at the price of $0.10 per share to its directors and officers as follows:

Name of Beneficial Shareholder	**Number of Common Shares**
Dave Pearce, Director and Officer	500,000 (1)
Eric H. Carlson, Director	500,000 (2)
Robert C. Thornton, Former Director	300,000 (3)
James Speakman, Former Director	100,000 (4)
James L. Heppell, Former Officer	100,000 (5)
Total	1,500,000

Notes:

(1)

Of these shares, ~~300,000~~400,000 are registered in the name of ~~Mega Capital Corporation ("MCC"), which has since transferred such shares to~~ Palmer Beach Properties Inc.~~, 100,000 are registered in the name of~~ ("Palmer") and 100,000 are registered in the name of Mr. Pearce directly. Palmer is a company beneficially owned by David Pearce, his wife and The Pearce Family Trust, the beneficiaries of which are Mr. Pearce's three children.

(2)

~~Of these~~These shares~~, 100,000~~ are registered in the name of ~~MCC, which has since transferred such shares to~~ Carmax Enterprises Corporation~~, and 400,000 shares are registered in the name of Carmax~~ ("Carmax"), a company beneficially owned by The Carlson Family Trust, the beneficiaries of which are Mr. Carlson, his wife and two children.

(3)

~~Of these shares, 100,000 are registered in the name of MCC which has since transferred such shares to Montana Ventures Corp. and 200,000~~These shares are registered in the name of Mr. Thornton directly.

(4)

Of these shares, 20,000 are registered in the name of James Speakman and 100,000 are registered in the name of Trenton Developments Ltd. ("Trenton"), the principal of which is the Speakman Family Trust, a trust established for the benefit of Mr. Speakman's wife and three children. Mr. Speakman is a former director of the Company.

(5)

These shares are registered in the name of Free Spirit Investments Ltd. ("Free Spirit"), a private company owned by Mr. Heppell and his wife. Mr. Heppell is a former officer of the Company.

The above-described 1,500,000 Common Shares are held in escrow. under an agreement dated November 9, 1999. The terms of the ~~Escrow Agreement~~escrow agreement provide that the Common Shares held in escrow are subject to the direction and determination of the Exchange. Specifically, escrowed shares may not be sold, assigned, hypothecated, transferred

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within escrow or otherwise dealt with in any manner without the consent of the Exchange. The ~~Escrow Agreement~~escrow agreement provides that the Common Shares will be released from escrow on a pro rata basis as to one-third on each of the first, second and third anniversaries of the completion by the Company of the Qualifying Transaction (~~being~~which occurred on April 15, 2003). Pursuant to the policies of the Exchange, in the event a holder of Common Shares held in escrow ceases to be a principal of the Company, the securities held by the escrow holder will continue to be released as set out above. Upon the death of an escrow holder, the securities held by the escrow holder will be released from escrow and the escrow agent, Pacific Corporate Trust Company, will deliver all certificates evidencing such securities to the legal representative of the deceased escrow holder. In the event of bankruptcy of an escrow holder, the securities held by the escrow holder may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Shares subject to escrow will be cancelled if not released within 10 years of the date of the escrow agreement.

On September ~~9~~9, 2002, the Company ~~issued~~raised $150,000 through the issuance of 1,500,000 First Special Warrants by way of a private placement at the price of $0.10 per First Special Warrant. On April 3, 2003, each First Special Warrant was exchanged into one ~~common share~~Common Share of the Company and one First SW Warrant which entitles the holder thereof to purchase one additional Common Share of the Company at the price of $0.20 until September 9, 2004. The following persons participated in the private placement of First Special Warrants:

Name of Related Party and Relationship	**Number of First Special Warrants**
Carmax Enterprises Corp. (Eric Carlson, Director, is a principal)	145,000
Frontier Financial Services Inc. (Gregory Dennie, Former Secretary, is a principal)	200,000
David Pearce (Director)	100,000
Trenton Developments Ltd. (James Speakman, Former Director, is a principal)	50,000
599143 B.C. Ltd. (R. Michael Jones, Director, is a principal)	50,000

On December 20, 2002, the Company ~~issued~~raised $225,000 through the issuance of 900,000 Second Special Warrants by way of a private placement at the price of $0.25 per Second Special Warrant. On April 3, 2003, each Second Special Warrant was exchanged for one Common Share of the Company and one-half of one Second SW Warrant which entitles the holder thereof to purchase one additional Common Share of the Company at the price of $0.40 until December 20, 2004. The following persons participated in the private placement of Second Special Warrants:

Name of Related Party and Relationship	**Number of Second Special Warrants**
Karen Carlson (wife of ~~director~~Eric Carlson, Director)	64,000
Barbara Pearce (wife of ~~director~~David Pearce, Director)	50,000
David Pearce (Director)	34,000
Robert Thornton (former Director)	16,000
Magallenes, S.A. (George Young, Director & President, is a principal)	20,000

George Young received 250,000 common shares of the Company and R. Michael Jones received 50,000 common shares of the Company as finders fees in connection with the Company's acquisition of Lagartos, which shares are also held in escrow under an agreement dated April 8, 2003. The Company priced these shares at $0.50 per share.

Included in accounts payable at ~~July 31,~~September 30, 2003 is ~~$8,096~~Nil (December 31, 2002 - $8,931; December 31, 2001 - $Nil) payable ~~to either an officer or director, or companies affiliated with an officer or director~~in respect of management services provided to Platinum Group Metals Ltd., a public company of which R. Michael Jones is an officer, director, employee and shareholder, and Frank Hallam is a director.

George Young owes the Company $569 at September 30, 2003 for travel advances received but not spent at the quarter end.

For the nine month period ended September 30, 2003, George Young, the Company's President, received $72,683 in compensation for legal and management services, R. Michael Jones received $3,162 for consulting services, and Frank Hallam received $1,600 for consulting services.

During the nine months ended September 30, 2003, the Company borrowed $150,000 on a short-term loan from a shareholder of the Company, which loan has been fully repaid, as well as $12,500 related to interest.

Interests of Experts and Counsel

None of the Company's named experts or counsellors were employed on a contingent basis, owns an amount of shares in the Company or of its subsidiaries which is material to that person, or has a material, direct or indirect economic interest in the Company.

~~ITEM 8.~~ ITEM 8. FINANCIAL INFORMATION

Financial Statements

Our audited financial statements for each of the years in the three year period ended December 31, 2002, including our consolidated balance sheets, the consolidated statements of operations, of shareholders' equity and of cash flows and the notes to those statements and the auditors' report thereon, are included in this Form 20-F.

The audited financial statements of ~~Minera Los~~ Lagartos~~, S.A. de C.V.~~ for the year ended December 31, 2002 and the period from September 7, 2001 to December 31, 2001, including the balance sheets and the statements of operations, of shareholders' equity and of cash flows and the notes to those statements and the auditors' report thereon, are also included in this Form 20-F.

The audited consolidated financial statements of Lexington Capital Group Inc. for the period from July 22, 2002 to June 30, 2003, including the balance sheet, and statements of operations, of shareholders' equity, and of cash flows and the notes to those statements and the auditor's report thereon are also included in this Form 20F.

The unaudited pro forma consolidated balance sheet as at ~~June~~September 30, 2003 and statements of loss of the Company for the ~~six~~nine months ended ~~June~~September 30, 2003 and the year ended December 31, 2002 and the notes to those statements are also included in this Form 20F. These unaudited pro forma consolidated statements have been prepared by management of the Company to give effect to the combination of the Company, ~~Minera Los~~ Lagartos ~~S.A. de C.V.~~, Lexington Capital Group Inc. and related transactions on the basis of the assumptions described in the notes to the unaudited pro forma consolidated financial statements.

Significant Changes

Since December 31, 2002, the Company has completed its acquisition of Lagartos on January 15, 2003, completed its Qualifying Transaction on April 15, 2003 and commenced exploration on the Juanicipio Property.

~~ITEM 9.~~ ITEM 9. **THE OFFER AND LISTING**

Price History

Our common shares have been listed and posted for trading on the ~~TSX Venture~~ Exchange (symbol: MAG) since April 19, 2000. Since then, the high-low stock range has been between $~~0.46~~0.04 and $~~1.75.~~2.65. The closing price of our common shares on ~~September 30,~~December 31, 2003 was $~~1.59.~~2.32.

The ~~monthly~~annual high-low ranges for our common shares on the ~~TSX Venture~~ Exchange since ~~April 2003 is~~2000 are set out below, as well as the quarterly high-low range for the last two financial years.

~~Month~~**Year**	**High**	**Low**
~~September~~2003	$~~1.75~~2.65	$~~1.22~~0.48
~~August~~2002	$~~1.34~~0.17	$~~0.90~~0.04
~~July~~2001	$~~1.00~~0.35	$~~0.68~~0.05
~~June~~2000	$~~0.76~~0.70	$~~0.61~~0.20
~~May~~**2003**	~~$0.77~~**High**	~~$0.52~~**Low**
~~April~~	~~$0.61~~	~~$0.46~~
~~March~~1st Quarter	(1)	(1)
2nd Quarter	$0.77	$0.48
3rd Quarter	~~**High**~~$1.75	~~**Low**~~$0.70
~~June 03 – August 0~~34th Quarter	$~~1.34~~2.65	$~~0.61~~1.39
2002	**High**	**Low**
~~March 03 – May 0~~31st Quarter	$~~0.77~~0.17	$~~0.46~~0.07
2nd Quarter	$0.15	$0.05
3rd Quarter	$0.16	$0.04
4th Quarter	(1)	(1)

(1)

The shares of the Company were halted from trading from August 2002 until April 2003 pending the completion of a Qualifying Transaction.

The monthly high-low ranges for our common shares on the Exchange since August 2003 is set out below.

Month	**High**	**Low**
January	$2.45	$2.00
December	$2.65	$1.68
November	$2.55	$1.89
October	$2.00	$1.39

September	$1.75	$1.22
August	$1.34	$0.90

At ~~October 6,~~December 31, 2003, we had ~~20,772,440~~23,093,995 common shares issued and outstanding and held by an estimated ~~37~~40 owners of record.

The Company has not applied for listing on any American stock exchange.

~~ITEM 10.~~ ITEM 10. **ADDITIONAL INFORMATION**

Share capital

Our authorized capital consists of 1,000,000,000 common shares without par value of which 20,772,440 ~~common shares~~Common Shares were issued and outstanding as at September 30, 2003 and 23,093,995 Common Shares were issued and outstanding as of ~~September 30,~~December 31, 2003.

On October 5, 1999, the Company issued 1,300,000 common shares to the founders of the Company at the price of $0.10 per share in order to raise seed capital. A further 200,000 common shares were issued at the price of $0.10 per share on October 27, 1999.

On April 19, 2000, the Company issued 1,500,000 common shares at the price of $0.20 per share pursuant to a public offering by way of a prospectus ~~offering~~in British Columbia.

On September 9, 2002, the Company issued 1,500,000 First Special Warrants by way of a private placement at the price of $0.10 per First Special Warrant. ~~Each First Special Warrant was exchangeable at any time for one Common Share of the Company and one First SW Warrant of the Company at no additional consideration and each whole First SW Warrant entitles the holder thereof to purchase one additional Common Share of the Company at the price of $0.20 until September 9, 2004.~~ The Company had reserved an additional 1,500,000 Common Shares in anticipation of the exercise of the First SW Warrants.

On December 20, 2002, the Company issued 900,000 Second Special Warrants by way of a private placement at the price of $0.25 per Second Special Warrant. ~~Each Second Special Warrant was exchangeable at any time for one Common Share of the Company and one-half of one Second SW Warrant of the Company for no additional consideration and each whole Second SW Warrant entitles the holder thereof to purchase one additional Common Share of the Company at the price of $0.40 until December 20, 2004.~~ The Company had reserved an additional 450,000 Common Shares in anticipation of the exercise of the Second SW Warrants.

On February 3, 2003, the Company issued 20,000 shares at the price of $0.20 per share pursuant to the exercise of options.

On April 3, 2003, the Company issued 1,500,000 Common Shares for no additional consideration pursuant to the exercise of the First Special Warrants.

On April 3, 2003, the Company issued 900,000 Common Shares for no additional consideration pursuant to the exercise of the Second Special Warrants.

On April 15, 2003, the Company issued 11,500,000 Common Shares at the price of $0.50 per share pursuant to a public offering by way of a prospectus in British Columbia, Alberta and Ontario.

On April 22, 2003, the Company issued 500,000 Common Shares at the deemed price of $0.50 per share as a finders' fee in connection with its acquisition of Lagartos.

On April 22, 2003 the Company issued 100,000 Common Shares at a price of $0.50 per share to Bugambilias in connection with acquisition of the Don Fippi Property and reserved an additional 2,000,000 ~~Common~~Don Fippi Shares ~~for further obligations~~. On April 22, 2003 the Company issued 100,000 Common Shares at a price of $0.50 to Coralillo in connection with the acquisition of the Guigui Property and reserved an additional 2,000,000 ~~Common Shares for further obligations.~~Guigui Shares.

On July 17, 2003, the Company issued 200,000 Common Shares at the deemed price of $0.90 per share for a total deemed value of $180,000 in connection with its acquisition of Lexington Capital Group Inc.

The following is a reconciliation of our share issuances for the last three fiscal years:

	Common Shares Issued	
	Number of Shares	**Amount**
Seed Shares	1,500,000	$150,000
~~Prospectus~~Public Offering	1,500,000	$300,000
Options	100,000	$26,000
First Special Warrants	1,500,000	$150,000
Second Special Warrants	900,000	$225,000
~~Prospectus~~Public Offering	11,500,000	$5,750,000
Agent's Administration Shares	10,000	$5,000
Finders' Fee Shares	500,000	$250,000
Acquisition of Don Fippi Property	100,000	$50,000
Acquisition of Guigui Property	100,000	$50,000
Acquisition of Lexington Capital Group Inc.	200,000	$~~130,000~~180,000
Share Issuance Costs and Fees	---	($700,012)
Exercise of Warrants	~~2,862,440~~5,183,995	$~~1,574,530~~3,068,996]
Balance ~~Sept 30,~~Dec 31, 2003	**~~20,772,440~~23,093,995**	**$~~8,660,530~~9,504,984**

On April 15, 2003, the Company issued warrants entitling the holders to purchase up to 5,750,000 Common Shares of the Company at the price of $0.75 per share until April 15, 2004. In April 2003, the Company also issued Agent's Warrants entitling the holders to purchase up to 1,150,000 Common shares of the Company at the price of $0.50 per share until April 22, 2004.

On April 3, 2003, the Company issued First SW Warrants entitling the holders to purchase up to 1,500,000 Common Shares of the Company at the price of $0.20 per share until September 9, 2004 and issued Second SW Warrants entitling the holders to purchase up to 450,000 Common Shares of the Company at the price of $0.40 per share until December 20, 2004.

The Company also has options outstanding to purchase up to 1,170,000 Common Shares as described in Item 6. Directors, Senior Management and Employees Stock Options.

There have been no changes to the number or classes of shares of the Company, nor any changes to the voting rights attached to any of the shares of the Company.

Fully Diluted Share Capital

Assuming that all options and other rights to purchase Common Shares of the Company are exercised and all ~~property share issuances~~Property Shares are ~~made~~issued, up to a maximum of ~~31,930,000~~32,100,000 Common Shares of the Company will be issued and outstanding on a fully diluted basis, comprised of the following:

Description	**Number of Common Shares**
Outstanding as of ~~Sept 30,~~Dec 31, 2003	~~20,772,440~~23,093,995
Agents' Warrant Shares	~~428,800~~24,000
First SW Warrant Shares	~~870,000~~650,000
Second SW Warrant Shares	~~320,000~~250,000
~~Prospectus~~Public Offering Warrant Shares	~~4,368,760~~2,742,005
Options	1,170,000
Don Fippi Shares	2,000,000*
Guigui Shares	2,000,000*
Common Shares to be issued in relation to the Recently Acquired Properties	170,000
Total	**~~31,930,000~~32,100,000**

* See Item 4. Information on the Company - Description of the Business for details of the Company's obligations to issue these shares.

Memorandum and Articles of Association

Our Certificate of Incorporation was filed with the Ministry of Finance and Corporate Relations, Registrar of Companies in the Province of British Columbia, Canada on April 21, 1999 under the name 583882 B.C. Ltd. with the Certificate of Incorporation No. 583882. We were incorporated to conduct all lawful business pursuant to the laws of British Columbia and our Certificate of Incorporation and Articles do not describe a business object or purpose.

The Articles may be amended by a special resolution of the shareholders approved by not less than 75% of the votes cast and by filing thereafter with Registrar of Companies in the Province of British Columbia.

As at ~~September 30,~~December 31, 2003 our authorized and issued capital is as follows:

Authorized:

1,000,000,000 common shares without par value

Issued:

~~20,772,440~~23,093,995 common shares, of which ~~1,800,000~~1,725,000 are held in escrow

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Common Shares

All issued and outstanding Common Shares are fully paid and non-assessable. Each holder of record of Common Shares is entitled to one vote for each Common Share so held on all matters requiring a vote of shareholders, including the election of directors. The holders of Common Shares will be entitled to dividends on a pro-rata basis, if, as and when declared by the board of directors. There are no preferences, conversion rights, pre-emptive rights,

subscription rights, or restrictions or transfers attached to the Common Shares. In the event of our liquidation, dissolution, or winding up, the holders of Common Shares are entitled to participate in our assets available for distribution after satisfaction of the claims of creditors. Provisions as to the creation, modification, amendment or variation of such rights or such provisions are contained in the *Company Act* (British Columbia). Generally, such variations require a special resolution of the shareholders approved by not less than 75% of the votes cast and by filing thereafter with Registrar of Companies in the Province of British Columbia.

The *Company Act* (British Columbia) does not impose any limitations on the rights to own securities of the Company.

Powers and Duties of Directors

The directors shall manage or supervise the management of our affairs and business and shall have authority to exercise all such powers that are not required to be exercised by our shareholders in a general meeting.

Questions to be determined at a directors meeting shall be determined by a majority vote. The Chairman has no additional power for voting, and directors are not required to hold our shares.

A director's term of office expires immediately prior to the next annual general meeting. In general, a director who is, in any way, directly interested in an existing or proposed contract or transaction with us, whereby a duty or interest might be created to conflict with his duty or interest as a director, shall declare the nature and extent of his interest in such contract or transaction or the conflict or potential conflict with his duty and interest as a director. Such director shall not vote in respect of any such contract or transaction and if he shall do so, his vote shall not be counted, but he shall be counted in the quorum presented at the meeting at which such vote is taken. However, notwithstanding the foregoing, directors shall have the right to vote on determining the remuneration of the directors.

The directors may from time to time on our behalf (a) borrow money in such manner and amount from such sources and upon such terms and conditions as they think fit; (b) issue bonds, debentures and other debt obligation; or (c) mortgage, charge or give other security on the whole or any part of our property and assets.

Shareholders

An annual general meeting shall be held once in every calendar year and within 13 months of the last annual general meeting at such time and place as may be determined by the directors. A quorum at an annual general meeting and special meeting shall be two members or two proxyholders representing members, or a combination thereof, holding not less then one-twentieth of the issued and outstanding shares entitled to be voted at the meeting. We believe there is no limitation imposed by the laws of British Columbia or by the memorandum or our other constituent documents on the right of a non-resident to hold or vote the Common Shares.

Material Contracts

We have entered into the following material contracts:

~~1.~~ 1. Sponsorship and Agency Agreement among the Company, Raymond James Ltd. and Pacific International Securities Inc. relating to the Company's public offering in April 2003.

~~2.~~ 2. Lagartos Agreement dated August 8, 2002 among the Company, Cesar Augusto Porfirio Padilla Lara, Dr. Peter Megaw and Dr. Carl Kuehn and stock purchase agreements dated January 15, 2003 between the Company and each of Cesar Augusto Porfirio Padilla Lara, Dr. Peter Megaw and Dr. Carl Kuehn. See Item 4. Information on the Company History and Development of the Company The Qualifying Transaction.

~~3.~~ 3. Juanicipio Agreement dated July 18, 2002 as amended December 19, 2002 between Lagartos and Sutti. See Item 4. Information on the Company Business Overview The Juanicipio Property.

~~4.~~ 4. Don Fippi Agreement dated November 18, 2002 among the Company, Lagartos and Bugambilias. See Item 4. Information on the Company Business Overview The Don Fippi Property.

~~5.~~ 5. Guigui Agreement dated November 18, 2002 among the Company, Lagartos and Coralillo. See Item 4. Information on the Company Business Overview The Guigui Property.

~~6.~~ 6. Stock Purchase Agreement dated May 29, 2003 with Strategic Investments Resources Ltd. See Item 4. Information on the Company Business Overview The Juanicipio Property.

~~7.~~ 7. Escrow Agreement dated November 9, 1999 among certain shareholders and Pacific Corporate Trust Company. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions.

~~8.~~ 8. Escrow Agreement dated April 8, 2003 among certain shareholders and Pacific Corporate Trust Company. See Item 7. Major Shareholders and Related Party Transactions Related Party Transactions.

~~9.~~ 9. Incentive Stock Option Agreements dated November 9, 1999 between the Company and each of: Dave Pearce, Eric H. Carlson, Robert C. Thornton. See Item 6. Directors, Senior Management and Employees Stock Options.

~~10.~~ 10. Stock Options dated April 15, 2003, May 22, 2003 and July 9, 2003 with George Young, R. Michael Jones, David Pearce, Eric Carlson, Gregory Dennie, Frank Hallam, Grace To, Marshall House, John Foulkes and Carrie Cojocari~~;~~. See Item 6. Directors, Senior Management and Employees Stock Options.

~~11.~~ 11. Indemnity Agreements dated November 9, 1999 between the Company and each of: Dave Pearce, Eric H. Carlson, James Speakman and Robert C. Thornton pursuant to which the Company agrees to indemnify them against liability incurred while acting as a director or officer of the Company.

~~12.~~ 12. Indemnity Agreements dated April 15, 2003 between the Company and each of George Young and R. Michael Jones pursuant to which the Company agrees to indemnify them against liability incurred while acting as a director or officer of the Company.

13.

Sierra de Ramirez Agreement dated December 14, 2003 among the Company, Lagartos and Rio Tinto. See Item 4. Information on the Company Business Overview Recently Acquired Properties.

Exchange Controls

The Company does not believe there are any decrees or regulations under the laws of British Columbia or Canada applicable to it restricting the import or export of capital or affecting the remittance of dividends or other payments to non-resident holders of our Common Shares, other than for the withholding of taxes. There are no restrictions under our Memorandum or Articles that limits the right of non-resident owners to hold or vote our Common Shares or to receive dividends thereon. We are organized under the laws of British Columbia. There is uncertainty as to whether the Courts of British Columbia would (i) enforce judgments of United States Courts obtained against us or our directors and officers predicated upon the civil liability provisions of the federal securities laws of the United States or (ii) entertain original actions brought in British Columbia Courts against us or such persons predicated upon the federal securities laws of the United States.

There is no limitation imposed by the laws of Canada or our Memorandum or Articles on the right of a non-resident to hold or vote the Common Shares, other than as provided in the *Investment Act* (Canada) (the "Investment Act"). The following discussion summarizes the principal features of the Investment Act for a non-resident who proposes to acquire the Common Shares.

The Investment Act generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture (each an entity) that is not a Canadian as defined in the Investment Act (a non-Canadian), unless after review, the Director of Investments appointed by the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in the Common Shares by a non-Canadian other than a WTO Investor (as that term is defined by the Investment Act, and which term includes entities which are nationals of or are controlled by nationals of member states of the World Trade Organization) when we were not controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire our control and the value of our assets, as determined in accordance with the regulations promulgated under the Investment Act, was $5,000,000 or more, or if an order for review was made by the federal cabinet on the grounds that the investment related to Canada s cultural heritage or national identity, regardless of the value of our assets. An investment in the Common Shares by a WTO Investor, or by a non-Canadian when we were controlled by a WTO Investor, would be reviewable under the Investment Act if it was an investment to acquire our control and the value of our assets, as determined in accordance with the regulations promulgated under the Investment Act was not less than a specified amount, which for 2000 was any amount in excess of $192 million. A non-Canadian would acquire our control for the purposes of the Investment Act if the non-Canadian acquired a majority of the Common Shares. The acquisition of one third or more, but less than a majority of the Common Shares would be presumed to be an acquisition of our control unless it could be established that, on the acquisition, we were not controlled in fact by the acquirer through the ownership of the Common Shares.

Certain transactions relating to the Common Shares would be exempt from the Investment Act, including: (a) an acquisition of the Common Shares by a person in the ordinary course of that person s business as a trader or dealer in securities; (b) an acquisition of our control in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Act; and (c) an acquisition of our control by reason of an amalgamation, merger consolidation or corporate reorganization following which our ultimate direct or indirect control in fact, through the ownership of the Common Shares, remained unchanged.

Currently 18% of our operations are in Canadian dollars.

Canadian Federal Income Tax Consequences

The following is a summary of the material Canadian federal income tax considerations, as of the date hereof, generally applicable to security holders who deal at arm's length with us, who, for purposes of the Income Tax Act (Canada) (the "Canadian Tax Act") and any applicable tax treaty or convention, have not been and will not be resident or deemed to be resident in Canada at any time while they have held our Common Shares, to whom such Common Shares are capital property, and to whom such Common Shares are not "taxable Canadian property" (as defined in the Canadian Tax Act). This summary does not apply to a non-resident insurer.

Generally, our Common Shares will be considered to be capital property to a holder thereof provided that the holder does not use such Common Shares in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. All security holders should consult their own tax advisors as to whether, as a matter of fact, they hold our Common Shares as capital property for the purposes of the Canadian Tax Act.

This discussion is based on the current provisions of the Canadian Tax Act and the regulations thereunder, the current provisions of the Canada-United States Income Tax Convention (1980) (the "Tax Treaty") and current published administrative practices of the Canada Customs and Revenue Agency. This discussion takes into account specific

proposals to amend the Canadian Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all such Proposed Amendments will be enacted in their present form. No assurances can be given that the Proposed Amendments will be enacted in the form proposed, if at all.

Except for the foregoing, this discussion does not take into account or anticipate any changes in law, whether by legislative, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein.

WHILE INTENDED TO ADDRESS ALL MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS, THIS SUMMARY IS OF A GENERAL NATURE ONLY. THEREFORE, SECURITY HOLDERS ~~SHOULD~~ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES.

Generally, our Common Shares will not be "taxable Canadian property" at a particular time provided that such Common Shares are listed on a prescribed stock exchange (which proposed legislation includes the ~~TSX Venture~~ Exchange), the holder does not use or hold, and is not deemed to use or hold, our shares in connection with carrying on a business in Canada and the holder, persons with whom such holder does not deal at arm's length, or the holder and such persons, has not owned (or had under option) 25% or more of the issued shares of any class or series of our capital stock at any time within sixty months preceding the particular time.

Generally, a holder of our Common Shares that are not taxable Canadian property will not be subject to tax under the Canadian Tax Act on the sale or other disposition of shares.

Dividends paid or deemed to be paid on our Common Shares are subject to non-resident withholding tax under the Canadian Tax Act at the rate of 25%, although such rate may be reduced under the provisions of an applicable income tax treaty or convention. For example, under the Tax Treaty, the rate is reduced to 5% in respect of dividends paid to a company that is the beneficial owner thereof, that is resident in the United States for purposes of the Tax Treaty and that owns at least 10% of our voting stock. In all other cases, the rate is reduced to 15% in respect of dividends paid to the beneficial owner thereof that is resident in the United States for purposes of the Tax Treaty.

United States Federal Income Tax Consequences

The following is a general discussion of the material United States Federal income tax law for U.S. holders that hold such common shares as a capital asset, as defined under United States Federal income tax law and is limited to discussion of U.S. Holders that own less than 10% of the common stock. This discussion does not address all potentially relevant Federal income tax matters and it does not address consequences peculiar to persons subject to special provisions of Federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, this discussion does not cover any state, local or foreign tax consequences.

The following discussion is based upon the sections of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of any future legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The following discussion is for general information only and it is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of common shares of the Company and no opinion or representation with respect to the United States Federal income tax consequences to any such holder or prospective holder is made. Accordingly, holders and prospective holders of common shares of the Company ~~should~~are urged to consult their own tax advisors about the Federal, state, local, and

foreign tax consequences of purchasing, owning and disposing of common shares of the Company.

U.S. Holders

As used herein, a "U.S. Holder" is a holder of common shares of the Company who or which is a citizen or individual resident (or is treated as a citizen or individual resident) of the United States for federal income tax purposes, a corporation or partnership created or organized (or treated as created or organized for federal income tax purposes) in the United States, including only the States and District of Columbia, or under the law of the United States or any State or Territory or any political subdivision thereof, or a trust or estate the income of which is includable in its gross income for federal income tax purposes without regard to its source, if, (i) a court within the United States is able to exercise primary supervision over the administration of the trust and (ii) one or more United States trustees have the authority to control all substantial decisions of the trust. For purposes of this discussion, a U.S. Holder does not include persons subject to special provisions of Federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers and Holders who acquired their stock through the exercise of employee stock options or otherwise as compensation.

Distributions on Common Shares of the Company

U.S. Holders, who do not fall under any of the provisions contained within the "Other Considerations for U.S. Holders" section, and receiving dividend distributions (including constructive dividends) with respect to common shares of the Company are required to include in gross income for United States Federal income tax purposes the gross amount of such distributions to the extent that the Company has current or accumulated earnings and profits, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States Federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's United States Federal taxable income by those who itemize deductions. (See more detailed discussion at "Foreign Tax Credit" below). To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the ~~common shares~~Common Shares and thereafter as gain from the sale or exchange of the ~~common shares~~Common Shares. Preferential tax rates for long-term capital gains are applicable to a U.S. Holder which is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains for a U.S. Holder which is a corporation.

Dividends paid on the ~~common shares~~Common Shares of the Company will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations. A U.S. Holder which is a corporation may, under certain circumstances, be entitled to a 70% deduction of the United States source portion of dividends received from the Company (unless the Company qualifies as a "foreign personal holding company" or a "passive foreign investment company", as defined below) if such U.S. Holder owns shares representing at least 10% of the voting power and value of the Company. ~~The availability of this deduction is subject to several complex limitations which are beyond the scope of this discussion~~Because the Company expects that it will be classified as a "passive foreign investment company" as described below, this deduction will not be available to a U.S. Holder which is a corporation.

Foreign Tax Credit

A U.S. Holder, who does not fall under any of the provisions contained within the "Other Considerations for U.S. Holders" section, and who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of common shares of the Company may be entitled, at the option of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces United States Federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the taxpayer's income subject to tax. This election is made on a year-by-year basis and applies to all foreign taxes paid by

(or withheld from) the U.S. Holder during that year. There are significant and complex limitations which apply to the credit, among which is the general limitation that the credit cannot exceed the proportionate shares of the U.S. Holder's United States income tax liability that the U.S. Holder's foreign source taxable income bears to his or its world-wide taxable income. In the determination of the application of this limitation, the various items of income and deduction must be classified into foreign and domestic (U.S.) sources. Complex rules govern this classification process. ~~There are further limitations on the foreign tax credit for certain types~~In addition, this limitation is calculated separately with respect to specific classes of income such as "passive income", "high withholding tax interest", "financial services income", "shipping income", and certain other classifications of income. Dividends distributed by the Company will generally constitute foreign source "passive income" or, in the case of U.S. Holders, "financial services income" for these purposes. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and holders and prospective holders of common shares of the Company ~~should~~are urged to consult their own tax advisors regarding their individual circumstances.

Disposition of Common Shares of the Company

A U.S. Holder, who does not fall under any of the provisions contained within the "Other Considerations for U.S. Holders" section, and will recognize gain or loss upon the sale of common shares of the Company equal to the difference, if any, between the amount of cash plus the fair market value of any property received, and the Holder's tax basis in the common shares of the Company. This gain or loss will be capital gain or loss if the common shares are a capital asset in the hands of the U.S. Holder unless the Company were to become a controlled foreign corporation. For the effect on the Company of becoming a controlled corporation, see "Controlled Foreign Company Status" below. Any capital gain will be a short-term or long-term capital gain or loss depending upon the holding period of the U.S. Holder. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. Deductions for net capital losses are subject to significant limitations. For U.S. Holders which are individuals, any unused portion of such net capital loss may be carried over to be used in later tax years until such net capital loss is thereby exhausted. For U.S. Holders which are corporations (other than corporations subject to Subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted.

Other Considerations for U.S. Holders

In the following circumstances, the above sections of this discussion may not describe the United States Federal income tax consequences resulting from the holding and disposition of ~~common shares~~Common Shares of the Company:

Foreign Personal Holding Company

If at any time during a taxable year more than 50% of the total combined voting power or the total value of the Company's outstanding shares is owned, actually or constructively, by five or fewer individuals who are citizens or residents of the United States and 60% (50% after the first year) or more of the Company's gross income for such year was derived from certain passive sources (e.g., from interest, dividends and certain rents), the Company would be treated as a "foreign personal holding company." In that event, U.S. Holders that hold ~~common shares~~Common Shares of the Company would be required to include in income for such year their allocable portion of the Company's passive income which would have been treated as a dividend had that passive income actually been distributed.

Foreign Investment Company

If 50% or more of the combined voting power or total value of the Company's outstanding shares are held, actually or constructively, by citizens or residents of the United States, United States domestic partnerships or corporations, or estates or trusts other than foreign estates or trusts (as defined by the Code Section 7701(a)(31)), and the Company is

found to be engaged primarily in the business of investing, reinvesting, or trading in securities, commodities, or any interest therein, it is possible that the Company might be treated as a "foreign investment company" as defined in Section 1246 of the Code, causing all or part of any gain realized by a U.S. Holder selling or exchanging ~~common shares~~Common Shares of the Company to be treated as ordinary income rather than capital gains.

Passive Foreign Investment Company

As a foreign corporation with U.S. shareholders, the corporation could be treated as a passive foreign investment corporation (PFIC). Section 1297 of the Code defines a PFIC as a corporation that is not formed in the United States and, for any taxable year, either (i) 75% or more of its gross income is "passive income," which includes but is not limited to interest, dividends and certain rents and royalties or (ii) at least 50% of its assets held during the year produce or are held for the production of passive income. The 50% test is based upon the value of the corporation s assets (or, the adjusted tax basis of its assets, if the company is not publicly traded and is a controlled foreign corporation or makes an election). **The Company believes that it has been a PFIC for each fiscal year since its incorporation, and expects to be characterized as a PFIC this fiscal year.**

A U.S. Holder who holds stock in a PFIC is subject to U.S. federal income taxation of that foreign corporation under one of two alternative tax methods at the election of each such U.S. Holder.

As a PFIC, each U.S. Holder must determine under which of the alternative tax methods it wishes to be taxed. Under one method, a U.S. Holder who elects in a timely manner to treat the Company as a Qualified Electing Fund ("QEF"), as defined in the Code, (an "Electing U.S. Holder") will be subject, under Section 1293 of the Code, to current federal income tax for any taxable year in which the Company qualifies as a PFIC on his pro-rata share of the Company's (i) "net capital gain" (the excess of net long-term capital gain over net short-term capital loss), which will be taxed as long-term capital gain to the Electing U.S. Holder and (ii) "ordinary earnings" (the excess of earnings and profits over net capital gain), which will be taxed as ordinary income to the Electing U.S. Holder, in each case, for the U.S. Holder's taxable year in which (or with which) the Company taxable year ends, regardless of whether such amounts are actually distributed.

A QEF election also allows the Electing U.S. Holder to (i) generally treat any gain realized on the disposition of his common shares (or deemed to be realized on the pledge of his common shares) as capital gain; (ii) treat his share of the Company's net capital gain, if any, as long-term capital gain instead of ordinary income, and (iii) either avoid interest charges resulting from PFIC status altogether (see discussion of interest charge below), or make an annual election, subject to certain limitations, to defer payment of current taxes on his share of the Company's annual realized net capital gain and ordinary earnings subject, however, to an interest charge. If the Electing U.S. Holder is not a corporation, such an interest charge would be treated as non-deductible "personal interest."

The procedure a U.S. Holder must comply with in making a timely QEF election will depend on whether the year of the election is the first year in the U.S. Holder's holding period in which the Company is a PFIC. If the U.S. Holder makes a QEF election in such first year, (sometimes referred to as a "Pedigreed QEF Election"), then the U.S. Holder may make the QEF election by simply filing the appropriate documents at the time the U.S. Holder files its tax return for such first year. If, however, the Company qualified as a PFIC in a prior year, then in addition to filing documents, the U.S. Holder may also elect to recognize as an "excess distribution" (i) under the rules of Section 1291 (discussed below), any gain that he would otherwise recognize if the U.S. Holder sold his stock on the application date or (ii) if the Company is a controlled foreign corporation ("CFC"), the Holder's pro rata share of the corporation's earnings and profits. (But see "Elimination of Overlap Between Subpart F Rules and PFIC Provisions"). Either the deemed sale election or the deemed dividend election will result in the U.S. Holder being deemed to have made a timely QEF election.

With respect to a situation in which a Pedigreed QEF election is made, if the Company no longer qualifies as a PFIC in a subsequent year, normal Code rules and not the PFIC rules will apply.

If a U.S. Holder has not made a QEF Election at any time (a "Non-electing U.S. Holder"), then special taxation rules under Section 1291 of the Code will apply to (i) gains realized on the disposition (or deemed to be realized by reason of a pledge) of his ~~common shares~~Common Shares and (ii) certain "excess distributions", as specially defined, by the Company.

A Non-electing U.S. Holder generally would be required to pro-rate all gains realized on the disposition of his ~~common shares~~Common Shares and all excess distributions over the entire holding period for the ~~common shares~~Common Shares. All gains or excess distributions allocated to prior years of the U.S. Holder (other than years prior to the first taxable year of the Company during such U.S. Holder's holding period and beginning after January 1, 1987 for which it was a PFIC) would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The Non-electing U.S. Holder also would be liable for interest on the foregoing tax liability for each such prior year calculated as if such liability had been due with respect to each such prior year. A Non-electing U.S. Holder that is not a corporation must treat this interest charge as "personal interest" which, as discussed above, is wholly non-deductible. The balance of the gain or the excess distribution will be treated as ordinary income in the year of the disposition or distribution, and no interest charge will be incurred with respect to such balance.

If the Company is a PFIC for any taxable year during which a Non-electing U.S. Holder holds ~~common shares~~Common Shares, then the Company will continue to be treated as a PFIC with respect to such ~~common shares~~Common Shares, even if it is no longer by definition a PFIC. A Non-electing U.S. Holder may terminate this deemed PFIC status by electing to

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recognize gain (which will be taxed under the rules discussed above for Non-Electing U.S. Holders) as if such ~~common shares~~Common Shares had been sold on the last day of the last taxable year for which it was a PFIC.

Under Section 1291(f) of the Code, the Department of the Treasury has issued proposed regulations that would treat as taxable certain transfers of PFIC stock by Non-electing U.S. Holders that are generally not otherwise taxed, such as gifts, exchanges pursuant to corporate reorganizations, and transfers at death.

If a U.S. Holder makes a QEF Election that is not a Pedigreed Election (i.e., it is made after the first year during which the Company is a PFIC and the U.S. Holder holds shares of the Company) (a "Non-Pedigreed Election"), the QEF rules apply prospectively but do not apply to years prior to the year in which the QEF first becomes effective. U.S. Holders ~~should~~are urged to consult their tax advisors regarding the specific consequences of making a Non-Pedigreed QEF Election.

Certain special, generally adverse, rules will apply with respect to the ~~common shares~~Common Shares while the Company is a PFIC whether or not it is treated as a QEF. For example under Section 1298(b)(6) of the Code, a U.S. Holder who uses PFIC stock as security for a loan (including a margin loan) will, except as may be provided in regulations, be treated as having made a taxable disposition of such stock.

The foregoing discussion is based on currently effective provisions of the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions, all of which are subject to change. Any such change could affect the validity of this discussion. In addition, the implementation of certain aspects of the PFIC rules requires the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these proposals will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. Accordingly, and due to the complexity of the PFIC rules, U.S. Holders of the Company are strongly urged to consult their own tax advisors concerning the impact of these rules on their investment in the Company.

Mark-to-Market Election for PFIC Stock

A U.S. Holder of a PFIC may make a mark-to-market election with respect to the stock of the PFIC if such stock is marketable as defined below. This provision is designed to provide a current inclusion provision for persons that are Non-Electing Holders. Under the election, any excess of the fair market value of the PFIC stock at the close of the tax year over the Holder's adjusted basis in the stock is included in the Holder's income. The Holder may deduct the lesser of any excess of the adjusted basis of the PFIC stock over its fair market value at the close of the tax year, or the unreversed inclusions with respect to the PFIC stock (the net mark-to-market gains on the stock that the Holder included in income in prior tax years).

For purposes of the election, PFIC stock is marketable if it is regularly traded on (1) a national securities exchange that is registered with the SEC, (2) the national market system established under Section 11A of the Securities Exchange Act of 1934, or (3) an exchange or market that the IRS determines has rules sufficient to ensure that the market price represents legitimate and sound fair market value.

A Holder's adjusted basis of PFIC stock is increased by the income recognized under the mark-to-market election and decreased by the deductions allowed under the election. If a U.S. Holder owns PFIC stock indirectly through a foreign entity, the basis adjustments apply to the basis of the PFIC stock in the hands of the foreign entity for the purpose of applying the PFIC rules to the tax treatment of the U.S. owner. Similar basis adjustments are made to the basis of the property through which the U.S. persons hold the PFIC stock.

Income recognized under the mark-to-market election and gain on the sale of PFIC stock with respect to which an election is made is treated as ordinary income. Deductions allowed under the election and loss on the sale of PFIC with respect to which an election is made, to the extent that the amount of loss does not exceed the net mark-to-market gains previously included, are treated as ordinary losses. The U.S. or foreign source of any income or losses is determined as if the amount were a gain or loss from the sale of stock in the PFIC.

If PFIC stock is owned by a CFC (discussed below), the CFC is treated as a U.S. person that may make the mark-to-market election. Amounts includable in the CFC's income under the election are treated as foreign personal holding company income, and deductions are allocable to foreign personal holding company income.

The rules of Code Section 1291 applicable to nonqualified funds generally do not apply to a U.S. Holder for tax years for which a mark-to-market election is in effect. If Code Section 1291 is applied and a mark-to-market election was in effect for any prior tax year, the U.S. Holder's holding period for the PFIC stock is treated as beginning immediately after the last tax year of the election. However, if a taxpayer makes a mark-to-market election for PFIC stock that is a nonqualified fund after the beginning of a taxpayer's holding period for such stock, a coordination rule applies to ensure that the taxpayer does not avoid the interest charge with respect to amounts attributable to periods before the election.

Controlled Foreign Company Status

If more than 50% of the voting power of all classes of stock or the total value of the stock of the Company is owned, directly or indirectly, by U.S. Holders, each of whom own 10% or more of the total combined voting power of all classes of stock of the Company, the Company would be treated as a "controlled foreign corporation" or "CFC" under Subpart F of the Code. This classification would bring into effect many complex results including the required inclusion by such 10% U.S. Holders in income of their pro rata shares of "Subpart F income" (as defined by the Code) of the Company and the Company's earnings invested in "U.S. property" (as defined by the Code). In addition, under Section 1248 of the Code, gain from the sale or exchange of common shares of the Company by such a 10% U.S. Holder of Company at any time during the five year period ending with the sale or exchange is treated as ordinary dividend income to the extent of earnings and profits of the Company attributable to the stock sold or exchanged. Because of the complexity of Subpart F, and because the Company may never be a CFC, a more detailed review of these rules is beyond of the scope of this discussion.

Elimination of Overlap between Subpart F Rules and PFIC Provisions

Under the Taxpayer Relief Act of 1997, a PFIC that is also a CFC will not be treated as a PFIC with respect to certain 10% U.S. Holders. For the exception to apply, (i) the corporation must be a CFC within the meaning of section 957(a) of the Code and (ii) the U.S. Holder must be subject to the current inclusion rules of Subpart F with respect to such corporation (i.e., the U.S. Holder is a "United States Shareholder," see "Controlled Foreign Corporation," above). The exception only applies to that portion of a U.S. Holder's holding period beginning after December 31, 1997. For that portion of a United States Holder before January 1, 1998, the ordinary PFIC and QEF rules continue to apply.

As a result of this provision, if the Company were ever to become a CFC, U.S. Holders who are currently taxed on their pro rata shares of Subpart F income of a PFIC which is also a CFC will not be subject to the PFIC provisions with respect to the same stock if they have previously made a Pedigreed QEF Election. The PFIC provisions will however continue to apply to PFIC/CFC U.S. Holders for any periods in which they are not subject to Subpart F and to U.S. Holders that did not make a Pedigreed QEF Election unless the U.S. Holder elects to recognize gain on the PFIC shares held in the Company as if those shares had been sold.

Dividend and Paying Agents

The declaration of dividends on our Common Shares is within the discretion of our board of directors and will depend on the assessment of, among other factors, earnings, capital requirements and our operating and financial condition. At the present time, our anticipated capital requirements are such that we intend to follow a policy of retained earnings in order to finance the further development of our business.

Statement by Experts

The consolidated financial statements of the Company for each of the years in the three year period ended December 31, 2002 included in this Registration Statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein (which reports express an unqualified opinion and include an explanatory paragraph

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referring to the Company's ability to continue as a going concern and its change in accounting policy with respect to stock-based compensation and other stock-based payments), and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The descriptions of the Juanicipio Property, the Don Fippi Property and the Guigui Property contained in Item 4. Information on the Company are summarized from reports prepared by Clancy Wendt, P.G., of Pincock, Allen and Holt, of Lakewood, Colorado of 5004 East Albuquerque Road, Reno, Nevada, 89511, who graduated from San Diego State University with a Bachelor of Science degree in Geology in 1967, and the University of Arizona with a Master of Science degree in Geology in 1978 and is a Non-Resident Professional Geoscientist in the Province of British Columbia (N1712), a Registered Geologist in the State of Arizona (18283), and a Registered Professional Geologist with the American Institute of Professional Geologists (4966).

~~ITEM 11.~~ ITEM 11. **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Not applicable.

~~ITEM 12.~~ ITEM 12. **DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

PART II

~~ITEM 13.~~ ITEM 13. **DEFAULTS, DIVIDENDS ARREARAGES AND DELINQUENCIES**

Not Applicable.

~~ITEM 14.~~ ITEM 14. **MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not Applicable.

~~ITEM 15.~~ ITEM 15. **CONTROLS AND PROCEDURES**

Not Applicable.

~~ITEM 16.~~ ITEM 16. **AUDIT COMMITTEE FINANCIAL EXPERT**
ITEM 16B. CODE OF ETHICS
ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not Applicable.

PART III

~~ITEM 17.~~ ITEM 17. **FINANCIAL STATEMENTS**

The following Financial Statements are filed as part of this Registration Statement, together with the Reports of the Independent Auditors:

Exhibit Reference #	
	MAG Silver Corp.
N/A	Report of Independent Auditors
N/A	Consolidated Balance Sheets
N/A	Consolidated Statements of Operations
	Consolidated Statements of Shareholders' Equity
N/A	Consolidated Statements of Cash Flows
N/A	Notes to the Consolidated Financial Statements
	Minera Los Lagartos, S.A. de C.V.
N/A	Report of Independent Auditors
N/A	Balance Sheets
N/A	Statements of Operations
N/A	Statements of Shareholders' Equity
N/A	Statements of Cash Flows
N/A	Notes to the Financial Statements
	Lexington Capital Group Inc.

N/A	Report of Independent Auditors
N/A	Consolidated Balance Sheets
N/A	Consolidated Statement of Operations
N/A	Consolidated Statement of Shareholders' Equity
N/A	Consolidated Statement of Cash Flows
N/A	Notes to the Consolidated Financial Statements
	MAG Silver Corp. Pro Forma
N/A	Pro Forma Consolidated Balance Sheet
N/A	Pro Forma Consolidated Statements of Operations
N/A	Notes to the Pro Forma Financial Statements

~~ITEM 18.~~ ITEM 18. **FINANCIAL STATEMENTS**

The Company has elected to provide financial statements pursuant to "~~"~~Item ~~17.~~ 17. Financial Statement~~s and Exhibits~~".

~~ITEM 19.~~ ITEM 19. **EXHIBITS**

The following Exhibits are filed with this Registration Statement:

Exhibit Reference #	**Name**
1 (a)	*Memorandum
1 (b)	*Articles
4 (a)	*Sponsorship and Agency Agreement among the Company, Raymond James Ltd. and Pacific International Securities Inc.
4 (b)	*Lagartos Agreement dated August 8, 2002 among the Company, Cesar Augusto Porfirio Padilla Lara, Dr. Peter Megaw and Dr. Carl Kuehn and stock purchase agreement dated January 15, 2003 between the Company and each of Cesar Augusto Porfirio Padilla Lara, Dr. Peter Megaw and Dr. Carl Kuehn
4 (c)	*Juanicipio Agreement dated July 18, 2002 as amended December 19, 2002 between Lagartos and Sutti
4 (d)	*Don Fippi Agreement dated November 18, 2002 among the Company, Lagartos and Bugambilias
4 (e)	*Guigui Agreement dated November 18, 2002 among the Company, Lagartos and Coralillo
4 (f)	*Stock Purchase Agreement dated May 29, 2003 with Strategic Investments Resources Ltd.

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	*Escrow Agreement dated November 9, 1999 among certain shareholders and Pacific Corporate Trust Company
4 (h)	*Escrow Agreement dated April 8, 2003 among certain shareholders and Pacific Corporate Trust Company

4 (i)	*Incentive Stock Option Agreements dated November 9, 1999 between the Company and each of: Dave Pearce, Eric H. Carlson, James Speakman and Robert C. Thornton
4 (j)	*Stock Options dated April 15, 2003, May 22, 2003 and July 9, 2003 with George Young, R. Michael Jones, David Pearce, Eric Carlson, Gregory Dennie, Frank Hallam, Grace To, Marshall House, John Foulkes and Carrie Cojocari
4 (k)	*Indemnity Agreements dated November 9, 1999 between the Company and each of Dave Pearce, Eric H. Carlson, James Speakman and Robert C. Thornton
4 (l)	*Indemnity Agreements dated April 15, 2003 between the Company and each of George Young and R. Michael Jones
4 (m)	Sierra de Ramirez Agreement dated December 14, 2003 among the Company, Lagartos and Rio Tinto
8	*List of Subsidiaries
10 (a)	Consent of Deloitte & Touche LLP
10 (b)	Consent of Clancy Wendt
12 (a)	*The Geology and Exploration Potential of the Juanicipio Property, Fresnillo District, Zacatecas, Mexico dated November 19, 2002 prepared for the Company by Clancy J. Wendt, P.G., of Pincock, Allen and Holt, of Lakewood, Colorado
12 (b)	*The Geology and Exploration Potential of the Don Fippi Property, Batopilas District, Chihuahua, Mexico dated November 19, 2002 prepared for the Company by Clancy J. Wendt, P.G., of Pincock, Allen and Holt, of Lakewood, Colorado
12 (c)	*The Geology and Exploration Potential of the Guigui Silver, Lead, Zinc Project, Santa Eulalia District, Chihuahua, Mexico dated November 19, 2002 prepared for the Company by Clancy J. Wendt, P.G., of Pincock, Allen and Holt, of Lakewood, Colorado

* Indicates an exhibit incorporated by reference from the Registration Statement on Form 20-F previously submitted by the Company on October 23, 2003.

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Registration Statement on its behalf.

Dated:

~~October 15, 2003~~February , 2004

MAG Silver Corp.,

a British Columbia Company

"George Young"

George Young

President and Director