MAG SILVER CORP
Form 6-K
June 08, 2004

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of **May 2004**

MAG Silver Corp.

(SEC File No. 0-50437)

Suite 800 - 409 Granville Street, Vancouver BC, V6C 1T2, CANADA

Address of Principal Executive Office

The registrant files annual reports under cover:

Form 20-F X

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **June 7, 2004**

"*George Young*"

GEORGE S. YOUNG

President, CEO

FORM 6K - MARCH 2004

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MAG Silver Corp.

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, George S. Young, President and CEO of **MAG Silver Corp**. (the "Corporation"), certify that:

1.

I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of MAG Silver Corp, (the "issuer") for the interim period ending March 31, 2004.

2.

Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of MAG Silver Corp, (the "issuer") for the interim period ending March 31, 2004.

3.

Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4.

The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

a.

designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

b.

designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5.

I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: May 14, 2004

"George S. Young"

President & CEO

FORM 52-109F2

CERTIFICATION OF INTERIM FILINGS

I, Frank R. Hallam, CFO of **MAG Silver Corp**. (the "Corporation"), certify that:

1.

I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) of MAG Silver Corp, (the "issuer") for the interim period ending March 31, 2004.

2.

Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3.

Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4.

The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

a.

designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

b.

designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and

5.

I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: May 14, 2004

"Frank R. Hallam"

Chief Financial Officer

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

The attached interim financial statements have not been reviewed by the Company's auditors.

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Consolidated Balance Sheets

	Mar. 31, 2004	Dec. 31, 2003
ASSETS		
CURRENT		
Cash and cash equivalents	$ 4,172,042	$ 4,795,822
Accounts receivable	350,183	259,501
Interest receivable	75,406	64,127
Prepaid expenses	15,622	8,750
TOTAL CURRENT ASSETS	4,613,253	5,128,200
MINERAL RIGHT ACQUISITION COSTS (Note 8)	1,316,216	1,314,678
DEFERRED EXPLORATION COSTS (Note 8)	2,538,593	2,057,542
EQUIPMENT (Note 4)	31,796	34,374
TOTAL ASSETS	$ 8,499,858	$ 8,534,794
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 61,051	$ 208,018

TOTAL LIABILITIES	61,051	208,018
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		
Authorized - 1,000,000,000 common shares, without par value		
Issued and outstanding at March 31, 2004 - 23,658,245 common shares (December 31, 2003 - 23,093,995)	9,730,147	9,504,984
Contributed surplus (Note 5 (c))	75,308	75,308
Deficit	(1,366,648)	(1,253,516)
TOTAL SHAREHOLDERS' EQUITY	8,438,807	8,326,776
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 8,499,858	$ 8,534,794

ON BEHALF OF THE BOARD:

"George Young" (signed) ***"R. Michael Jones" (signed)***

George Young, President & Director R. Michael Jones, Director

See accompanying Notes to the Consolidated Financial Statements.

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Consolidated Statement of Operations and Deficit

	For the 3-month period Ended March 31	
	2004 (unaudited)	2003 (unaudited)

Expenses:		
Accounting and Audit	$ 22,000	$ 187
Amortization	2,578	269
Annual general meeting	0	0
Bank charges and Interest	647	8,626
Foreign Exchange	(20,136)	0
Office and Administration	27,067	4,730
Office Rent	4,500	0
Filing fees	5,989	18,968
Legal	22,017	29,899
Management and consulting fees	40,546	0
Shareholder Relations	22,866	0
Telephone	22	0
Transfer agent fees	4,216	1,455
Travel and Accommodation	7,215	35,478
Loss before other items	139,527	99,612
Other:		
Recoveries	0	0
Interest	26,395	142
Loss for the period	$ (113,132)	$ (99,470)
Deficit, beginning of period	(1,253,516)	(415,977)
Deficit, end of period	$ (1,366,648)	$ (515,447)
Basic and diluted loss per share	$0.00	$0.03

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

	Common shares without par value		Special warrants		Contributed	Deficit accumulated during the exploration	Total shareholders'
	Shares	Amount	Shares	Amount	Surplus	stage	equity
Issued for cash	1,500,000	$ 150,000	-	$ -	$ -	$ -	$ 150,000
Net loss	-	-	-	-	-	(4,279)	(4,279)
Balance, October 31, 1999	1,500,000	150,000	-	-	-	(4,279)	145,721
Net loss	-	-	-	-	-	(3,787)	(3,787)
Balance, December 31, 1999	1,500,000	150,000	-	-	-	(8,066)	141,934
Issued for cash	1,500,000	240,222	-	-	-	-	240,222
Net loss	-	-	-	-	-	(5,641)	(5,641)
Balance, December 31, 2000	3,000,000	390,222	-	-	-	(13,707)	376,515
Net loss	-	-	-	-	-	(279,639)	(279,639)
Balance, December 31, 2001	3,000,000	390,222	-	-	-	(293,346)	96,876
Issued for cash			2,400,000	375,000	-	-	375,000
Net loss	-	-	-	-	-	(122,631)	(122,631)
Balance, December 31, 2002	3,000,000	390,222	2,400,000	375,000	-	(415,977)	349,245
Issued for cash (Note 5)	11,500,000	5,109,766	-	-	-	-	5,109,766

Conversion of special warrants	2,400,000	375,000	(2,400,000)	(375,000)	-	-	-
Agent's Administration shares	10,000	5,000					5,000
Finders' fee shares (Note 9)	500,000	250,000	-	-	-	-	250,000
Issued to obtain mineral property option rights	200,000	100,000	-	-	-	-	100,000
Issued on acquisition of Lexington (Note 9)	200,000	180,000	-	-	-	-	180,000
Warrants exercised	5,183,995	3,068,996	-	-	-	-	3,068,996
Stock options exercised	100,000	26,000	-	-	-	-	26,000
Stock options granted to consultants	-	-	-	-	75,308	-	75,308
Net loss	-	-	-	-	-	(837,539)	(837,539)
Balance, December 31, 2003	23,093,995	$ 9,504,984	-	$ -	$ 75,308	$ (1,253,516)	$8,326,776
Warrants exercised	424,250	174,363	-	-	-	-	174,363
Stock options exercised	140,000	50,800	-	-	-	-	50,800
Net loss	-	-	-	-	-	(113,132)	(113,132)
Balance, March 31, 2004	23,658,245	$ 9,730,147	-	$ -	$ 75,308	$ (1,366,648)	$8,438,807

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Consolidated Statements of Cash Flows

	Three	Three months

	months ended March 31, 2004	ended March 31, 2003
OPERATING ACTIVITIES		
Loss for the period	$ (113,132)	$ (99,470)
Items not involving cash:		
Write-off of computer software	-	-
Write-off of investment	-	-
Amortization	2,578	269
Non-cash compensation expense	-	-
Changes in operating assets and liabilities		
Accounts receivable	(90,682)	(3,782)
Interest receivable	(11,279)	-
Prepaid expenses	(6,872)	-
Accounts payable and accrued liabilities	(146,967)	105,650
	(366,354)	2,667
INVESTING ACTIVITIES		
Term deposit	-	-
Purchase of equipment	-	-
Advances to Minera Los Lagartos, S.A. de C.V.	-	-
Acquisition of Minera Los Lagartos, S.A. de C.V. (Note 10)	-	(86,250)
Acquisition of Lexington Capital Group Inc. (Note 10)	-	-
Mineral rights	(1,538)	-
Deferred exploration costs	(481,051)	(89,690)
	(482,589)	(175,940)
FINANCING ACTIVITIES		
Issue of share capital	225,163	4,000
Issue of special warrants	-	-
Deferred financing costs	-	(87,199)
Short-term loan	-	150,000
	225,163	66,801

INCREASE (DECREASE) IN CASH	(623,780)	(106,472)
CASH, BEGINNING OF PERIOD	4,795,822	167,276
CASH, END OF PERIOD	$ 4,172,042	$ 60,804
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -
Issue of shares in connection with acquisition of Minera Los Lagartos, S.A. de C.V. (Note 10)	$ -	$ -
Issue of shares in exchange for mineral property option rights	$ -	$ -
Issue of shares in connection with acquisition of Lexington Capital Group Inc. (Note 10)	$ -	$ -

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

March 31, 2004

1.

NATURE OF BUSINESS

The Company was incorporated under the Company Act (British Columbia) on April 21, 1999 and was classified as a Venture Capital Pool Company as defined in the former Vancouver Stock Exchange (the "Exchange") Policy 30. The Company's shares were listed on the TSX Venture Exchange on April 21, 2000.

The Company was originally required to complete its Qualifying Transaction within 18 months of listing on the Exchange. This deadline was extended and subsequently the Qualifying Transaction was approved and completed on April 15, 2003 (Note 5 (a)).

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

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company.

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

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

March 31, 2004

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and include the following significant policies outlined below. These policies conform, in all material respects, with accounting principles generally accepted in the United States of America ("US GAAP"), except as described in Note 13.

(a)

Principles of consolidation

On January 15, 2003, the Company completed its acquisition of Minera Los Lagartos, SA de CV and on July 16, 2003, its acquisition of Lexington Capital Corp. (Note 10). The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation.

(b)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those reported.

(c)

Financial instruments and foreign exchange risk

The Company's financial assets and liabilities are cash and cash equivalents, accounts receivable, interest receivable and accounts payable and accrued liabilities. The fair values of these financial instruments are estimated to be their carrying values due to their short-term or demand nature.

Foreign exchange risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operating and financial results. The Company has significant operations outside of Canada which are subject to these foreign exchange risks. The Company does not use derivative instruments to reduce its exposure to this foreign exchange risk.

(d)

Mineral rights and deferred exploration costs

The Company is in the exploration stage with respect to its mining activity and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of the interests and crediting all revenues received against the cost of the related interests. At such time as commercial production commences, these costs will be charged to operations on a units-of-production method based on proven and probable reserves. The aggregate costs related to abandoned interests are charged to operations at the time of any abandonment.

MAG SILVER CORP.

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March 31, 2004

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d)

Mineral rights and deferred exploration costs (continued)

Mineral rights include costs to acquire options to acquire interests in unproven mineral properties.

Deferred exploration costs include direct exploration costs incurred by the Company in its effort to determine the existence of economically mineable ore including the cost of feasibility studies.

Management reviews the carrying value of mineral rights and deferred exploration costs at least quarterly for evidence of impairment. This review is generally made with reference to the timing of exploration work, work programs proposed, exploration results achieved by the Company and by others in the related area of interest, and an assessment of the likely results to be achieved from performance of further exploration. When the results of this review indicate that 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/or the likely proceeds to be received from sale or assignment of the rights. When the carrying values of mining rights or deferred exploration costs are estimated to exceed their net recoverable amounts, a provision is made for the decline in the value.

The Company is in the process of exploring mineral properties and has not yet determined whether they contain ore reserves that are economically recoverable. Accordingly, the recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and, ultimately, upon future profitable production.

The issuance of CICA Handbook Section 1581, *Business Combinations*, ("CICA 1581"), and CICA Handbook Section 3062, *Goodwill and Other Intangible Assets,* ("CICA 3062"), resulted in an apparent conflict between previously issued accounting standards found in CICA Handbook Section 3061, Property, Plant and Equipment ("CICA 3061"), and EIC-126, Accounting by Mining Enterprises for Exploration Costs ("EIC-126").

Appendix 31 to CICA 1581 describes a mineral use right as an example of a contract-based intangible that is subject to amortization over its estimated useful life as recommended by CICA 3062. CICA 3061, however, states that mining properties represented by capitalized costs of acquired mineral rights and the costs of associated with exploration for and development of mineral reserves may be considered as items of property, plant and equipment. Furthermore, EIC-126 concluded that a mining enterprise that has not commenced operations or objectively established mineral reserves is not precluded from considering exploration costs to have the characteristics of property, plant and equipment.

MAG SILVER CORP.

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March 31, 2004

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d)

Mineral rights and deferred exploration costs (continued)

The Company has determined that, under Canadian GAAP, it is appropriate to consider the costs associated with acquiring the rights to explore a mining property as items of property, plant and equipment. Under this interpretation, the Company has concluded that it is appropriate to capitalize all such costs until commercial production commences or until the property is abandoned as described above. A view that is different from this interpretation is that the costs associated with acquiring the rights to explore a mining property are considered intangible assets and would be amortized over its estimated useful life. Additional guidance may be provided in the future that would require accounting for these costs in a manner different from the Company's current method of accounting. If the Company had considered the costs associated with acquiring the rights to explore a mining property an intangible asset and amortized them over the expected period in which exploration would be performed, Mineral Rights would have been $601,000 lower at December 31, 2003 (2002 - $Nil) and Amortization expense would have been $601,000 higher for the year ended December 31, 2003 (2002 - $Nil; 2001 - $Nil; period from April 21, 1999 to December 31, 2003 - $601,000).

(e)

Equipment

Equipment is recorded at cost. Depreciation is provided on a straight-line basis to amortize the costs over a five year term.

(f)

Income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income taxes are recorded for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. These future taxes are measured based on substantially enacted tax rates. Management believes that it is not sufficiently likely that the Company will generate sufficient taxable income for the realization of its future tax assets and therefore the Company has made a full valuation provision for these assets.

(g)

Stock-based compensation

All stock-based awards made to non-employees are measured and recognized using a fair value based method. For stock options granted to employees and directors, the Company has adopted the disclosure-only provisions whereby pro forma net income and pro forma earnings per share are disclosed in the notes to the financial statements as if the fair value based method of accounting had been used.

Compensation expense is recognized when stock options are issued to employees and directors for the excess, if any, of the quoted market price at the date of grant over the exercise price. Any consideration paid by employees and directors on the exercise of stock options is credited to share capital.

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

March 31, 2004

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h)

Foreign exchange translation

The accounts of the Company's foreign operations are considered to be integrated with the operations of the Company and are translated into Canadian dollars as follows:

- monetary assets and liabilities at the rate prevailing at the balance sheet date.
- non-monetary assets and liabilities at historical rates.
- income and expenses at the average rate in effect during the year.

The resulting translation adjustment is included on the statement of operations.

(i)

Loss per share

Basic earnings per share calculations are based on the weighted average number of common shares outstanding, after excluding the shares held in escrow for which the conditions for their release were not satisfied until April 15, 2003 (Note 5 (f)).

The Company uses the treasury stock method for the calculation of diluted earnings per share. Diluted earnings per share are computed using the weighted average number of common and common equivalent shares outstanding during the year. Common equivalent shares consist of the incremental common shares upon the assumed exercise of stock options and warrants, but are excluded from the computation if their effect is anti-dilutive.

3.

EQUIPMENT

	March 31, 2004			December 31, 2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment and software	$ 11,423	$ 2,032	$ 9,391	$ 10,152
Field equipment	24,812	2,407	22,405	24,222
	$ 36,235	$ 4,439	$ 31,796	$ 34,374

March 31, 2004

4. SHARE CAPITAL

(a)

Issued and outstanding

On April 15, 2003, the Company raised gross proceeds of $5,750,000 from the sale of 11,500,000 units at a price of $0.50 per unit. Each unit consists of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase one share at a price of $0.75 per share for a period of two years from the closing. The Agents were granted warrants to purchase up to 1,150,000 shares of the Company at the same price in partial payment of services rendered in connection with the financing. The commission paid to the Agents was $460,000, equal to 8% of the gross proceeds of the Offering, they were also issued 10,000 shares of the Company (the "Administration Shares") as an administration fee in relation to the Offering, valued at $5,000. Corporate finance fees, legal fees and related disbursements totalled $175,234, of which $7,500 was incurred to December 31, 2002. The net proceeds to the Company from the financing were $5,109,766.

The prospectus issued in respect of the financing also qualified 2,400,000 common shares and non-transferable share purchase warrants to purchase up to 1,950,000 common shares of the Company issuable upon the exercise of special warrants issued by the Company in September and December, 2002, which shares and warrants have now been issued (Note 6). The prospectus also qualified 500,000 finders' fee shares issued in relation to the property acquisitions, of which 200,000 common shares have been issued and 300,000 have been issued in escrow. These shares are to be released from escrow as follows: 10% on completion of the Company's Qualifying Transaction, which took place on April 15, 2003, and the balance to be released in equal tranches of 15% every six months, for a three year period.

(b)

Stock options

The Company has entered into Incentive Stock Option Agreements ("Agreements") with directors, officers and employees.

At the date the Agreements are entered into, the exercise price of each option is set at the fair value of the common shares at the date of grant. The following table summarizes the Company's options:

	Weighted	Weighted

	Quarter ended March 31, 2004	Average Exercise Price	Year ended December 31, 2003	Average Exercise Price
Balance outstanding, beginning of year	1,170,000	$ 0.20	280,000	$ 0.20
Activity during the year				
Options granted	-	-	990,000	0.58
Options exercised	(140,000)	0.36	(100,000)	0.26
Balance outstanding, end of year	1,030,000	$ 0.54	1,170,000	$ 0.52

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

March 31, 2004

4.

SHARE CAPITAL (Continued)

(b)

Stock options (continued)

The following table summarizes options outstanding and exercisable at March 31, 2004:

	Options Outstanding and Exercisable		
Range of Exercise Prices	Number Outstanding and Exercisable at December 31, 2003	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price

$0.20	100,000	1.05	$0.20
0.50	575,000	4.03	0.50
0.70	355,000	4.11	0.70
	1,030,000	3.96	$0.52

During the current period no stock options have been granted. The Company granted 775,000 stock options to employees and 215,000 stock options to consultants during the year ending December 31, 2003. The Company has recorded $75,308 of compensation expense relating to stock options granted to consultants in the year ended December 31, 2003 (2002 - $Nil). The Company has elected to measure compensation costs for employee stock options whereby no compensation expense was recognized when the stock options are granted. Had compensation costs been determined based on the fair value of the options granted using the Black-Scholes option pricing model, additional compensation expense would have been recorded as follows:

	Year ended December 31, 2003	Year ended December 31, 2002
Loss for the year as reported	$ (837,539)	$ (122,631)
Additional compensation expense	(248,128)	-
Pro forma loss	$ (1,085,667)	$ (122,631)
Pro forma basic and diluted loss per share	$ (0.08)	$ (0.08)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2003:

Risk-free interest rate

3.76%

Expected life of options

5 years

Annualized volatility

63%

Dividend rate

0.00%

No options were granted in 2002.

MAG SILVER CORP.

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(An exploration stage company)

March 31, 2004

4.

SHARE CAPITAL (Continued)

(c)

Share purchase warrants

	Number of Warrants	Weighted-Average Exercise Price
Balance at December 31, 2002	-	$ -
Issued on conversion of Special Warrants	1,500,000	0.20
Issued on conversion of Special Warrants	450,000	0.40
Issued in connection with issuance of common shares	5,750,000	0.75
Issued to agents in connection with issuance of common shares	1,150,000	0.50
Exercised and converted to common shares	(5,183,995)	0.59
Balance at December 31, 2003	3,666,005	0.63
Exercised and converted to common shares	(424,250)	0.41
Balance at March 31, 2004	3,241,755	$ 0.66

(d)

Shares held in escrow

As a result of the completion and approval of the Company's Qualifying Transaction on April 15, 2003, the 1,500,000 of the Company's common shares held in escrow are to be released as to one-third on each of April

15, 2004, 2005 and 2006.

5.

SPECIAL WARRANTS

During the year ended December 31, 2002, the Company:

(i)

issued 1,500,000 special warrants for $0.10 per special warrant, which were convertible into one common share and one common share purchase warrant until the earlier of five business days following the date of the Company's final prospectus (April 3, 2003) or September 9, 2003. Each common share purchase warrant is exercisable into one common share of the Company at $0.20 per share until September 9, 2004.

(ii)

issued 900,000 special warrants for $0.25 per special warrant, which were convertible into one common share and one-half of one common share purchase warrant until the earlier of five business days following the date of the Company's final prospectus (April 3, 2003) or December 20, 2003. Each whole common share purchase warrant is exercisable into one common share of the Company at $0.40 per share until December 20, 2004.

In 2003, each of the special warrants were converted into one common share and one share purchase warrant, with exercise terms as described above.

6.

INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the pre-tax loss due to the following:

	2003	2002	2001
Statutory tax rate	37.60%	39.60%	45.60%
Recovery of income taxes computed at standard rates	$ 314,915	$ 48,561	$ 127,515
Non-taxable portion of capital loss	-	(700)	(56,715)
Non-deductible expenses	(28,316)	-	-
Lower effective tax rate on loss in foreign jurisdictions	(1,603)	-	-
Future tax benefits not recognized in the period that the loss arose	(284,996)	(47,861)	(70,800)
	$ -	$ -	$ -

The approximate tax effect of each type of temporary difference that gives rise to the Company's future income tax assets are as follows:

	2003	2002
Operating loss carry forwards	$ 323,750	$ 64,768
Capital losses carried forward	44,100	49,979
Less valuation allowance	(367,850)	(114,747)
	$ -	$ -

At December 31, 2003, the Company has non-capital loss carry-forwards of $925,000, expiring between 2006 and 2010, available for tax purposes and capital loss carryforwards of $252,000 which are available only to offset future

capital gains for tax purposes and may be carried forward indefinitely.

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7.

MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS

	Period ended March 31, 2004						
	Juanicipio	Don Fippi	Guigui	Lagartos	Sierra Ramirez	Adargas	Total
Acquisition costs of mineral rights							
Balance, beginning of year	$ 894,379	$ 173,534	$ 181,812	$ 21,519	$ 43,434	$ -	$ 1,314,678
Incurred during year				1,538		-	1,538
Balance, end of year	$ 894,379	$ 173,534	$ 181,812	$ 23,057	$ 43,434	$ -	$1,316,216
Deferred exploration costs							
Camp costs	$ 7,701	$ 13,561	$ 12,734	$ -	$ 228	$ 3,831	$ 38,055

Drilling	-	-	191,968	-	-	-	191,968
Geochemical	1,508	9,964	11,014	-	-	-	22,486
Geological	23,215	63,805	31,415	1,813	573	8,641	129,462
Geophysical	-	-	-	-	-	-	-
Maps, fees and licenses	15,581	14,231	12,930	7,955	1,211	4,994	56,902
Research	-	-	-	-	-	-	-
Travel	5,363	10,030	58	-	-	-	15,451
Transport and shipping	-	-	-	-	39	12	51
Site administration	8,847	8,115	5,107	-	2,212	2,395	26,676
	62,215	119,706	265,226	9,768	4,263	19,873	481,051
Balance, beginning of year	1,145,332	335,793	558,456	17,961	-	- ----	2,057,542
Balance, end of year	$ 1,207,547	$ 455,499	$ 823,682	$ 27,729	$ 4,263	$ 19,873	$ 2,538,593

(a)

Juanicipio Property

The Company, through its subsidiary, Minera Los Lagartos, S.A. de C.V. ("Lagartos"), holds a 100% interest in an exploration concession on the Juanicipio property, located in the Fresnillo District, Zacatecas, Mexico. This exploration concession enables Lagartos to explore the mining claim covered by the concession for the period to August 8, 2005.

Previously, as a condition to acquiring the concession, Lagartos was obligated to make payments totalling US$2,500,000 over a period of four years.

As a result of the Company's acquisition of Lexington Capital Group Inc. (Note 9 (b)), this obligation, as well as any future royalty payments, were removed.

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7.

MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

(b)

Don Fippi Property

Lagartos has entered into an agreement which gives it the right to explore and acquire a 100% interest in mining concessions located in the Batapilas, Chihuahua district of Mexico. Under the terms of the agreement, Lagartos is obligated to:

i)

make scheduled payments totalling US$550,000 plus applicable value added tax (of which US$50,000 has been paid) by April 21, 2007;

ii)

incur exploration expenditures totalling US$4,000,000 by April 21, 2008; and

iii)

issue an aggregate of 2,100,000 common shares of the Company, of which 100,000 common shares have been issued.

(c)

Guigui Property

Lagartos has entered into an agreement which gives it the right to explore and acquire a 100% interest in mining concessions located in the Santa Eulalia, Chihuahua district of Mexico. Under the terms of the agreement, Lagartos is obligated to:

i)

make scheduled payments totalling US$550,000 plus applicable value added tax (of which US$50,000 has been paid) by April 21, 2007;

ii)

incur exploration expenditures totalling US$2,500,000 by April 21, 2007; and

iii)

issue an aggregate of 2,100,000 common shares of the Company, of which 100,000 common shares have been issued.

(d)

Sierra Ramirez Property

Lagartos has entered into an agreement, which is subject to acceptance by the TSX Venture Exchange, which gives it the right to explore and acquire a 100% interest in mining concessions located in the Sierra Ramirez district in Durango, Mexico. Under the terms of the agreement, Lagartos is obligated to:

i)

make scheduled payments totalling US$1,505,000 within 60 months after the date of acceptance by the TSX Venture Exchange, of which US$30,000 has been paid;

ii)

issue 20,000 common shares of MAG Silver Corp. upon acceptance of the agreement by the TSX Venture Exchange; and

iii)

incur exploration expenditures totalling $750,000 within 60 months after the date of acceptance by the TSX Venture Exchange.

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7.

MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS (Continued)

(e)

Lagartos

Lagartos has acquired an exploration concession on mining claims on the Fresnillo trend to the northwest and southeast of the Juanicipio property. This exploration concession enables Lagartos to explore the mining claim covered by the concession to December 2009.

(f)

Lagartos has entered into an agreement, which is subject to acceptance by the TSX Venture Exchange, which gives it the right to explore and acquire a 100% interest in the Adargas property (the "Adargas Property"), subject to a 2.5% net smelter returns royalty. Under the terms of the agreement, Lagartos is obligated to:

i)

make scheduled payments totalling US$1,000,000 within 60 months after the date of acceptance by the TSX Venture Exchange.

ii)

issue 75,000 common shares of MAG Silver Corp. upon acceptance of the agreement by the TSX Venture Exchange; and

iii)

incur exploration expenditures totalling $1,000,000 within 60 months after the date of acceptance by the TSX Venture Exchange.

8.

RELATED PARTY TRANSACTIONS

For the quarter ended March 31, 2004 the Company's president received $23,820 in compensation for legal and management services (2003 - $17,054).

During the year ended December 31, 2003, the Company borrowed $150,000 on a short-term loan from a shareholder of the Company. The loan has been fully repaid, as well as $12,500 related to interest.

During 2003, the Company entered into a office rental and services agreement with Platinum Group Metals Ltd. ("PTM"), a company with a common director and common officer. During the quarter ended March 31, 2004 the Company paid PTM $38,000 under the common service agreement (2003 - $Nil).

9.

ACQUISITIONS

(a)

Minera Los Lagartos, S.A. de C.V. ("Lagartos")

The Company announced on November 25, 2002 that it was proceeding with the acquisition of a 99% interest in the issued and outstanding common shares of Lagartos. This acquisition was completed by the Company on January 15, 2003. The remaining 1% of Lagartos is held, in trust for the Company, by a director and officer of the Company. Upon acquisition by the Company, Lagartos held the interests in the Juanicipio concessions and the options to acquire

interests in the Don Fippi and Guigui concessions.

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9.

ACQUISITIONS (Continued)

(a)

Minera Los Lagartos, S.A. de C.V. ("Lagartos")(continued)

The total purchase price of Lagartos and its allocation to the fair value of net assets acquired is as follows:

Cash advanced to Lagartos in respect of option on Juanicipio property (US$50,000) paid in 2002	$ 78,750
Cash paid for the 100% interest in the common shares of Lagartos (US$5,000)	7,500
Finders' fee shares	250,000
Advances to Lagartos prior to acquisition	113,139
	$ 449,389

The fair value of net assets acquired	
Mineral rights	$ 449,389

The Company issued 500,000 common shares with a fair value of $0.50 per share in connection with the completion of the transaction as a finders' fee to two officers and a company with directors and officers in common.

The acquisition of Lagartos has been accounted for using the purchase method and the results of operations of Lagartos have been included in the Company's results of operations from January 15, 2003.

There were no other significant assets or liabilities acquired in this transaction. As such, the total of the acquisition of Lagartos has been allocated to acquired mineral rights being the right or the underlying right to explore a mining property.

(b)

Lexington Capital Group Inc. ("Lexington")

On July 16, 2003, the Company completed the acquisition of Lexington whose main asset is its indirect interest in the Juanicipio I claim that encompasses the Company's Juanicipio Project near Fresnillo, Zacatecas, Mexico. Under the terms of the agreement, MAG paid the vendor US$250,000 (Cdn$350,000) and 200,000 common shares of the Company. This acquisition reduced future required option payments and work commitments described in Note 8 (a). This also eliminated a net smelter return royalty obligation.

The acquisition is accounted for using the purchase method. An allocation of the purchase price is as follows:

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Cash	$	350,000
200,000 common shares		180,000
	$	530,000

9.

ACQUISITIONS (Continued)

(b)

Lexington Capital Group Inc. ("Lexington") (continued)

Fair value of net assets acquired:

Cash	$	4,219
Working capital deficiency		(13,196)
Mineral rights		538,977
	$	530,000

10.

SUBSEQUENT EVENTS

Subsequent to March 31, 2004, the Company:

(a)

Issued a total of 107,000 common shares at $0.75 per share on the exercise of warrants.

(b)

Issued 224,938 common shares at $1.40 per share to maintain the Don Fippi property agreement (see Note 7.b.iii).

(c)

Issued 403,967 common shares at $1.40 per share to maintain the Guigui property agreement (see Note 7.c.iii).

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

The attached statements have not been reviewed by the Company's auditors.

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Supplementary Information

For the Period ended March 31, 2004

1.

ANALYSIS OF EXPENSES AND DEFERRED COSTS

Refer to Financial Statements for details

2.

RELATED PARTY TRANSACTIONS

For the quarter ended March 31, 2004 the Company's president received $23,820 in compensation for legal and management services (2003 - $17,054).

During the period ended December 31, 2003 the Company borrowed $150,000 on a short-term loan from a shareholder of the Company. The loan has been fully repaid, as well as $12,500 related to interest.

During 2003, the Company entered into an office rental and services agreement with Platinum Group Metals Ltd. ("PTM"), a company with a common director and common officer. During the three month period ended March 31, 2004 the Company paid PTM $38,000 under the common service agreement (2003 - $Nil)

3.

SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED

Refer to Financial Statements Note 4b for details.

a)

Summary of securities issued during the quarter:

Issue Date	Security Type	Type of Issue	Number Issued	Price	Total Proceeds	Consideration Type

Jan.14/04 - Mar.22/04	Common Shares	Warrants Exercised	237,500	$0.20	$47,500	Cash
Jan.13/04	Common Shares	Warrants Exercised	32,000	$0.40	$12,800	Cash
Jan.7/04	Common Shares	Warrants Exercised	8,000	$0.50	$4,000	Cash
Jan.8/04 - Mar.10/04	Common Shares	Warrants Exercised	146,750	$0.75	$110,063	Cash
Jan.9/04	Common Shares	Options Exercised	100,000	$0.20	$20,000	Cash
Feb.18/04 - Mar.30/04	Common Shares	Options Exercised	40,000	$0.77	$30,800	Cash

Refer to Financial Statements Note 4b for details of securities issued to date.

b)

Options granted during the quarter:

Issue Date	Optionees	Number Issued	Exercise Price	Expiry Date
		Nil		

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Supplementary Information

For the Period ended March 31, 2004

4.

SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

a) Authorized and issued share capital at March 31, 2004:

Class	Par Value	Authorized	Issued and o/s	Amount
Common	N.P.V.	1,000,000,000	23,658,245	$9,730,147

b) Options outstanding at March 31, 2004:

Name of Optionee	Date Granted	Exercise Price	Expiry Date	No. of Shares
Dave Pearce	April 19,2000	$0.20	April 19,2005	100,000
Dave Pearce	April 15,2003	$0.50	April 15,2008	75,000
Eric Carlson	April 15,2003	$0.50	April 15,2008	75,000
George Young	April 15,2003	$0.50	April 15,2008	175,000
R. Michael Jones	April 15,2003	$0.50	April 15,2008	175,000
Consultant	April 15,2003	$0.50	April 15,2008	75,000
Dave Pearce	May 12,2003	$0.70	May 12,2008	50,000
Eric Carlson	May 12,2003	$0.70	May 12,2008	50,000
George Young	May 12,2003	$0.70	May 12,2008	50,000
R. Michael Jones	May 12,2003	$0.70	May 12,2008	50,000
Frank Hallam	May 12,2003	$0.70	May 12,2008	75,000
Consultants	May 12,2003	$0.70	May 12,2008	80,000

c)

Warrants outstanding at March 31, 2004:

The following warrants are exercisable into one common share of the Company as follows**:**

No. of Warrants	Exercise Price	Expiry Date
412,500	$0.20	September 9, 2004
218,000	$0.40	December 20, 2004

16,000	$0.50	April 15, 2005
2,595,255	$0.75	April 15, 2005

d)

Shares in escrow or subject to pooling restrictions at March 31, 2004:

1,725,000 Common Shares in escrow

5.

LIST OF DIRECTORS AS AT THE DATE THIS REPORT WAS SIGNED AND FILED:

George S. Young David Pearce
Eric Carlson R. Michael Jones

6.

LIST OF THE OFFICERS AS AT THE DATE THIS REPORT SIGNED AND FILED:

George S. Young, President and Chief Executive Officer
Dave Pearce, Corporate Secretary
Frank Hallam, Chief Financial Officer

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1.

DESCRIPTION OF BUSINESS OF MAG SILVER CORP.

The Company was originally incorporated under the *Company Act* (British Columbia) on April 21, 1999 under the name "583882 B.C. Ltd.". On June 28, 1999, in anticipation of becoming a capital pool company, the Company changed its name to "Mega Capital Investments Inc.". On April 22, 2003, the Company changed its name to "MAG Silver Corp." to reflect its new business consequent upon the completion of its Qualifying Transaction. The principal business of the Company is the acquisition, exploration and development of mineral properties.

The Company is a "reporting" company in the Provinces of British Columbia, Alberta and Ontario. The Company's Common Shares were listed and posted for trading on the TSX Venture Exchange (TSXV: MGA) on April 19, 2000. Concurrent with the Company's name change to MAG Silver Corp. on April 22, 2003, the trading symbol was changed to "MAG".

At the time of writing the Company continues to conduct exploration programs on its properties in Mexico, such as rehabilitation work on existing underground workings on the Don Fippi property, drilling at the Adargas property, and a drilling program on the Guigui property. The Company remains in strong financial condition as a result of the April 15, 2003 financing as described above and the exercise of share purchase warrants during and subsequent to the Company's March 31, 2004 quarter end. The Company continues to follow its business plan as set forth in April 2003.

2.

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Revenues

During the quarter ended March 31, 2004 the Company earned interest income of $26,395 (2003 - $142) on short-term investments and cash on hand. There were no other revenues realized by the Company during the period. Cash at March 31, 2004 amounted to $4,172,042 (Mar. 31, 2003 - $60,804).

General and Administrative Expenses

Interest earned during the period of $26,395 (2003 - $142) was applied as a reduction to general and administrative expenses of $139,527 (2003 - $99,612), resulting in an operating loss for the period of ($113,132) (2003 - ($99,470)).

The increase in expenses is directly related to the Company's newly active status and the costs of identifying and completing the Company's Qualifying Transaction in April 2003. The Company has also incurred additional professional fees during the period for the preparation and filing of a Form 20F Registration Document with the United States Securities and Exchange Commission.

Travel and accommodation expenses for the period totaled $7,215 (2003 - $35,612), management and consulting fees totaled $40,546 (2003 - nil). Consulting and management fees have been paid to three individuals including one director. (See related party transactions).

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Services provided by the company's president, the company's lawyer, consulting geologists include project management, investor relations, legal, geological and administrative services. Such services were originally budgeted for within "general and administrative costs" in the Company's Prospectus dated March 31, 2003, however, the scope and nature of the Company's activities since that time have necessitated the hiring of a full time president and the provision of more paid services than originally budgeted for. During the first quarter legal fees amounted to $22,017 (2003 - $29,899), filing fees totaled $5,989 (2003 - $18,968) while accounting and audit expenses totaled $22,000 (2003 - $187). Bank charges and interest totaled $647 (2003 - $8,626). Other smaller expense items account for the balance of general and administrative costs for the period. The Company now occupies office space and receives administrative services on a contract basis.

The following tables set forth selected financial data from the Company's Audited Financial Statements and should be read in conjunction with these financial statements.

	Year ended	Year ended	Year Ended

	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001
Revenues	Nil	Nil	Nil
Net Income (Loss)	($837,539)	($122,631)	($279,639)
Net Income (Loss) per Share	($0.06)	($0.08)	($0.19)
Total Assets	$8,534,794	$408,125	$110,904
Long Term Debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

The following table sets forth selected quarterly financial information for each of the last eight (8) quarters.

Quarter Ending	Revenue	Net Earnings (Loss)	Net Loss per share
December 31, 2003	Nil	(302,473)	0.01
September 30, 2003	Nil	(260,541)	0.01
June 30, 2003	Nil	(175,055)	0.01
March 31, 2003	Nil	(99,470)	0.03
December 31, 2002	Nil	(71,745)	0.04
September 30, 2002	Nil	(35,602)	0.03
June 30, 2002	Nil	(10,857)	0.01
March 31, 2002	Nil	(4,427)	0.00

The Company has not declared nor paid dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

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Trend Information

Other than the obligations under the Company's property option agreements set out in Tabular Disclosure of Contractual Obligations, there are no identifiable trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The Company will require sufficient capital in the future to meet its acquisition payments and other obligations under property option agreements for those properties it considers worthy to incur continued holding and exploration costs upon. The need to make such payments is a "Trend" as it is unlikely that all such obligations will be eliminated from the Company's future business activities. The Company intends to utilize cash on hand in order to meet its obligations under property option agreements until at least December 31, 2004. It is unlikely that the Company will generate sufficient operating cash flow to meet these ongoing obligations in the foreseeable future. Accordingly, subsequent to December 31, 2004, the Company may need to raise additional capital by issuance of equity. At this time the Company has no plan or intention to issue any debt in order to raise capital for future requirements.

At the time of writing there is a noted favourable trend with regard to the market for metal commodities and related companies, however, it is the opinion of the Company that its own liquidity will be most affected by the results of its exploration activities. The discovery of an economic mineral deposit on one of its mineral properties may have a favourable effect on the Company's liquidity, and conversely, the failure to find one may have a negative effect.

Tabular Disclosure of Contractual Obligations (in U.S. dollars, as per agreement)

		Less than			**More than**
Contractual Obligations	**Total**	**1 year**	**1-3 Years**	**3-5 Years**	**5 years**
Don Fippi Property	$4,500,000	$300,000	$2,000,000	$2,200,000	Nil
Guigui Property	$3,000,000	$150,000	$1,650,000	$1,200,000	Nil
Sierra Ramirez Property	$2,255,000	$130,000	$550,000	$1,575,000	Nil
Adargas Property	$2,000,000	$200,000	$700,000	$1,100,000	Nil
Cinco de Mayo Property	$2,000,000	$200,000	$700,000	$1,100,000	Nil
Total	$13,755,000	$980,000	$5,600,000	$7,175,000	Nil

Other Items

During the period the Company did not write down or abandon any mineral property. No material capital equipment was purchased or disposed of. The Company does not pay any person for marketing or investor relation services. The Company has attended seminars and from time to time and does visit brokers, market analysts and investors who request information about the Company's business. The Company is unaware of any undisclosed liabilities or legal actions against the Company and the Company has no legal actions or cause against any third party at this time. The

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

In 2003 the MAG completed the acquisition of Lexington Capital Group Inc. ("Lexington") whose main asset is its indirect interest in the Juanicipio I claim that encompasses MAG's Juanicipio Project near Fresnillo, Zacatecas, Mexico, which has now been drilled by MAG, and further work is recommended. Under the terms of the agreement MAG paid the vendor US$250,000 and issued 200,000 shares of its common stock. This acquisition could potentially save the Company US$1,150,000 in option payments and US$2,500,000 in work commitments. This also eliminates a net smelter return royalty obligation.

Resource Expenditures

During the first quarter the Company incurred $1,538 in property acquisition costs related to staking activities. This amount is comprised of staking costs. Exploration expenditures in cash for the first quarter amounted to $481,051. The majority of these costs relate to the Guigui property where the Company has spent $265,226 on a rotary diamond drilling program.

During 2003 a total of 6,147 metres were drilled on seven different holes at the Juanicipio property. The company had originally budgeted to drill 4,500 metres at a cost of $200 per metre, totaling $900,000, but increased this amount to approximately 6,200 metres at an actual cost of $1,132,731, due to the nature, extent and grade of the mineralization encountered and in order to better delineate the mineralization discovered. Another consideration was the fact that actual cost was below budget on a per metre basis, approximately $184 per metre, compared to $200 per metre budgeted.

Results from the 7 holes drilled on the Juanicipio property have been encouraging and continue to confirm the Company's concepts and exploration models, adding great confidence for future exploration of structures throughout the property.

Phase 1 drilling at Juanicipio targeted six major surface-mapped structures coincident with strong NSAMT geophysical anomalies along the projection of veins being mined in the adjoining Fresnillo Mine area. Drilling results from the last 2 holes showed that silver dominant mineralization lies well above the base-metal rich "root zone" mineralization that appears to cause the deep NSAMT anomalies (See Press Release of November 13, 2003).

Phase 2 exploration activities have begun, following the completion and evaluation of Phase 1 drilling, at its 100% controlled Juanicipio project. Exploration work includes detailed surface mapping and sampling to locate vein segments where mineralization may widen along the 2 to 5 kilometre lateral continuations of the drilled structures. Initial Phase 2 exploration will incorporate further NSAMT geophysics along these wider vein segments to help define targets in the silver dominant zones. Existing permits cover this program, allowing drilling to begin in early 2004.

During 2003 the Company staked claims to approximately 120,000 hectares of open ground northwest and southeast of its Juanicipio I claim, which has been the focus of its recent drilling program.

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The Company has completed aerial photography of the historic Batopilas District and is currently carrying out rehabilitation of some of the principal underground workings in its Don Fippi property that contains the historic Batopilas District. During the quarter the Company incurred approximately $63,805 ($245,208 to date) in geological costs on this rehabilitation. Batopilas produced 250 million ounces of silver from very high-grade native-silver ore bodies prior to being shut down by the Mexican Revolution in 1913. As well the company has carried out 50% of its planned geological mapping, and 40% of its planned orientation geophysical survey. During 2004, MAG plans to complete the rest of its geological mapping, geophysical survey and to commence drilling at Batopilas.

Drilling began on October 20, 2003 on its 4,553-hectare Guigui Project in the Santa Eulalia District in Chihuahua, Mexico. The Santa Eulalia District hosts a carbonate replacement silver deposit that has produced over 450 million ounces of silver from nearly 50 million tonnes of ores averaging 350 g/T (11.3 Oz/T) silver, 8.2% lead and 7.8% zinc. Despite nearly 300 years of continuous mining of interconnected high-grade deposits, these have never been traced back to the style of near-source intrusion-related mineralization typical of these deposits worldwide. MAG and others have performed geological and geochemical zoning studies and gravity, magnetic, CSAMT and NSAMT geophysical surveys to define the near-source mineralization targets on the property. The planned 3,500-metre drill program on Guigui consisted of 6 holes to test these targets, the largest of which centers on a geophysical anomaly more than 1 kilometre in diameter that MAG infers to reflect a buried intrusive body. Four holes were drilled by the end of 2003 for a total of 3,009 metres. The drill program finished in February 2004 with a total of 4,576 metres drilled over 6 different holes. The Company has recently received assay results from this drilling program. The original budget was for 4 holes, but after some exploration work the Company drilled a further 2 holes in the San Antonio Graben which added over 1,000 metres more than it had originally planned. This along with other additional geological work carried out on the property accounted for the exploration activities to come in above the originally planned budget.

All of the above expenses were deferred. There were no mineral properties written down during the period or in 2003. A complete table of mineral property costs can be found in Note 7 of the Company's Financial Statements for the period ended March 31, 2004.

During 2003 the Company announced that it has entered into agreements in principle to acquire the option to earn a 100% interest in the Adargas and Cinco de Mayo properties, two large exploration projects in the Mexican silver belt.

3.

SUBSEQUENT EVENTS

Subsequent to March 31, 2003, the Company:

(a)

Issued a total of 107,000 common shares at $0.75 per share on the exercise of warrants.

(b)

Issued 224,938 common shares at $1.40 per share to maintain the Don Fippi property agreement (see Note 7.b.iii).

(c)

Issued 403,967 common shares at $1.40 per share to maintain the Guigui property agreement (see Note 7.c.iii).

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Management Discussion & Analysis

For the Period ended March 31, 2004

4.

FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES

On April 15, 2003, concurrent with the completion of its Qualifying Transaction, the Company raised gross proceeds of $5,750,000 from the sale of 11,500,000 units at a price of $0.50 per unit. The following is a table comparing the stated use of proceeds for that financing as shown in the Company's Prospectus dated March 31, 2003 as compared to actual expenditures to March 31, 2004 since that financing closed on April 15, 2003:

			Actual	
Description	**Notes**	**Budget**	**April 15/03 to Mar. 31/04**	**% of Budget**
Gross Proceeds of Offering	i.	$5,000,000	$5,750,000	115.0 %
Costs, fees and commissions of the Offering	i.	$474,538	$635,234	134%
Juanicipio Option Payments and Taxes	ii.	$363,372	$815,629	224%
Juanicipio Exploration Expenditures	iii.	$1,184,500	$1,194,946	101%
Don Fippi Option Payments and Taxes		$178,000	$173,534	98%
Don Fippi Exploration Expenditures	iv.	$483,000	$442,898	92%
Guigui Option Payments and Taxes		$185,924	$181,812	98%
Guigui Exploration Expenditures	v.	$281,750	$811,082	288%
Working Capital Deficiency Feb 28/03		$158,045	N/A	N/A
Net G & A Expenses for 12 months	vi.	$275,000	$851,201	310%
Working Capital	i.	$1,415,871	$4,552,202	322 %
Total		$5,000,000	$9,658,538	

i.

Higher than expected interest resulted in offering being increased

ii.

Acquisition of Lexington Capital Group Inc. (see below)

iii.

Exploration program completed for the year (see Resource Expenditures section)

iv.

Exploration program will carry in to 2004 (see below)

v.

Exploration program expanded for the year (see below and Resource Expenditures section)

vi.

Actual number reflects twelve months ended March 31, 2004. Higher than expected volume of exploration, market and financial activity has resulted in G&A expenses being incurred at a faster rate then originally budgeted for. (see below)

MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Management Discussion & Analysis

For the Period ended March 31, 2004

During 2003 the Company completed the acquisition of Lexington Capital Group Inc. ("Lexington") whose main asset is its indirect interest in the Juanicipio I claim that encompasses its Juanicipio Project near Fresnillo, Zacatecas, Mexico, which has just been drilled by MAG. Under the terms of the agreement MAG paid the vendor US$250,000 and issued 200,000 shares of its common stock. This acquisition could potentially save the Company US$1,150,000 in option payments and US$2,500,000 in work commitments, as well as eliminate a net smelter return royalty obligation.

The Company has completed aerial photography of the historic Batopilas District and is currently carrying out rehabilitation of some of the principal underground workings in its Don Fippi property that contains the historic Batopilas District. During the quarter the Company has incurred approximately $63,805 ($245,208 to date) in

geological costs on this rehabilitation. Batopilas produced 250 million ounces of silver from very high-grade native-silver ore bodies prior to being shut down by the Mexican Revolution in 1913. MAG plans to commence drilling at Batopilas during 2004 following additional exploration work in the spring of 2004.

The Company has completed the surface mapping and sampling program at its Guigui property, as set out in the Company's prospectus. Four holes were drilled by the end of the year for a total of 3,009 metres. The drill program finished in February 2004 with a total of 4,576 metres drilled over 6 different holes. Guigui exploration is based on a geological, geochemical and geophysical model designed to find the source zones of the adjoining Santa Eulalia District near Chihuahua, Mexico. Santa Eulalia is another historic district that has produced at least 450 million ounces of silver over the last 300 years, but the Guigui area has never been explored.

The Company budgeted for general and administrative costs of $275,000 for the 12 month period starting April 1, 2003, but has currently incurred $851,201 in the twelve months following the prospectus. There are a number of reasons for the variances from the budgeted amounts, which will be discussed.

Included in expenses for 2003 is $75,308 for stock options granted to consultants using a fair value based method as now required under recommendation of the Canadian Institute of Chartered Accountants. This amount was not previously budgeted for. Please refer to Notes 2g and 5c in of the Financial Statements for the period ended March 31, 2004, which explains the accounting methods followed by the Company when granting stock options.

The Company is currently pursuing a United States Securities and Exchange Commission ("SEC") Registration (Form 20-F), which was not budgeted for, and has incurred approximately $30,000 in the first quarter of 2004 and at least $180,000 to date, on accounting and legal costs relating to this goal. Accounting and legal costs total approximately $265,000 for the twelve months which brings the actual budget variance (net of the $180,000 incurred in connection with the Form 20-F) to about $35,000 above the budgeted amount of $50,000 for the twelve months since the prospectus. The increased amounts were due to increased legal opinions on property and other acquisitions carried out during the year, which was beyond what was originally budgeted for.

The Company also paid stock exchange and filing fees of $5,989 in the first quarter of 2004, and $35,374 for the period April 1, 2003 to December 31, 2003 which totals $41,363 for the last twelve months. This is presently included in general and administrative costs, but was originally included in the category of "other", to which $50,000 was budgeted for over the next 12 months.

A net foreign exchange loss of ($25,351) was incurred over the twelve months ending March 31, 2004, (gain of $20,136 from January 1, 2004 to March 31 2004; combined with a loss of ($45,487) between April 1, 2003 to December 31, 2003), which is attributed to the Company holding US dollars (which it uses to pay some of its exploration costs in Mexico) as the Canadian dollar rose against the US dollar during this time period. This amount was not previously budgeted for.

Transfer agent costs of $4,216 in the first quarter of 2004, and $19,550 for the period April 1, 2003 to December 31, 2003 which totals $23,766 is much higher than the budgeted figure of $3,500 for twelve months, but the transfer agent has processed 5,608,245 warrants and 240,000 options in this time, from investors exercising their share purchase warrants and warrants. This rate of exercise exceeds original estimates.

Travel, lodging and related expenses for the management of the company amounted to $7,215 in the first quarter of 2004, and $130,732 for the period April 1, 2003 to December 31, 2003. This total of $137,947 greatly exceeded the $20,000 which was budgeted for twelve months. The increase was due to the increased level of activity to accommodate the level of interest in the company and attendance at additional trade shows across North America.

5.

CRITICAL ACCOUNTING POLICIES

The Company's accounting policies are set out in Note 2 of its Consolidated Financial Statements for the period ended March 31, 2004.

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.

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 to the value of any mineral property. The Company relies on its own or independent

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MAG SILVER CORP.

(formerly Mega Capital Investments Inc.)

(An exploration stage company)

Management Discussion & Analysis

For the Period ended March 31, 2004

estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

6.

LIQUIDITY AND SOLVENCY

Although, the expenses incurred have been higher than the original budgeted amounts, the Company has experienced a higher than expected volume of exploration, market and financial activity do to the results of its drilling and exploration program at its Mexican properties.

The Company had $4,162,042 in working capital as at March 31, 2004 compared to $60,804 at March 31, 2003. In the opinion of management of the Company, the Company is able to meet its ongoing obligations as they become due. Management refers the reader to the contents of the Financial Statements for the period ended March 31, 2004, the audited Financial Statements for the period ended December 31, 2003, as well as the subsequent events section above.

The Company had $4,162,042 in working capital as at March 31, 2004 compared to $(249,868) at March 31, 2003. Expenses incurred during the quarter ended March 31, 2004 are the result of ongoing general and administrative

expenses and costs related to the Qualifying Transaction and Offering completed April 15, 2003, the acquisition of Lagartos and resource property expenditures.

Current liabilities of the Company at March 31, 2004 amounted to $61,051, mostly being attributable to accrued exploration expenses.

PACIFIC CORPORATE TRUST COMPANY

625 HOWE ST, 10TH FLOOR

VANCOUVER, BC V6C 3B8

Phone: 604-689-9853

Fax: 604-689-8144

May 12, 2004

B.C. Securities Commission Executive Director

Executive Director, 701 W Georgia St., 9th Floor Vancouver, BC V7Y 1L2

Dear Sirs\Mesdames:

RE: MAG SILVER CORP.

MAILING ON MAY 12, 2004

We confirm that on the above date, the following material issued by the subject Company was forwarded by prepaid first class mail to intermediaries in accordance with National Instrument 54-101.

- Annual Financial Statements for the Year Ending 2003/12/31
- Annual Report
- Form 51-901F
- Information Circular
- Management Discussion and Analysis
- Notice of Meeting
- Proxy
- Schedules B & C
- Supplemental Return Card

Yours truly,

PACIFIC CORPORATE TRUST COMPANY "GINNA TIONGCO" GINNA TIONGCO

cc: Alberta Securities Commission

cc: TSX Venture Exchange

cc: MAG SILVER CORP.

cc: CATALYST CORPORATE FINANCE LAWYERS

cc: DELOITTE & TOUCHE

SBC FORM 51-901F

QUARTERLY AND YEAR END REPORT

Incorporated as part of: _____ Schedule A

____X___ Schedule B & C

ISSUER DETAILS:

NAME OF ISSUER ___MAG SILVER CORP.

ISSUER ADDRESS ___Suite 800 - 409 Granville St. Vancouver, B.C. V6C 1T2

ISSUER TELEPHONE NUMBER ____(604) 630-1399

CONTACT NAME _____Frank Hallam

CONTACT'S POSITION ____Officer

CONTACT TELEPHONE NUMBER ____(604) 630-1399

FOR QUARTER ENDED

December 31, 2003

DATE OF REPORT _____May 7, 2004

CERTIFICATE

THE SCHEDULE B AND C REQUIRED TO COMPLETE THIS REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT.

Dave Pearce	***(signed) Dave Pearce***	**05/07/04**
NAME OF DIRECTOR	***SIGN (TYPED)***	**DATE SIGNED (MM/DD/YY)**
George S. Young	***(signed)George S. Young***	**05/07/04**
NAME OF DIRECTOR	***SIGN (TYPED)***	**DATE SIGNED (MM/DD/YY)**

SCHEDULE B

SUPPLEMENTARY INFORMATION

MAG SILVER CORP.

SCHEDULE B - SUPPLEMENTARY INFORMATION

FOR THE QUARTER ENDED DECEMBER 31, 2003

FOR THE CURRENT PERIOD TO DATE:

1) ANALYSIS OF EXPENSES AND DEFERRED COSTS

Refer to financial statements for details

2) RELATED PARTY TRANSACTIONS

For the year ended December 31, 2003 the Company's president received $97,325 in compensation for legal and management services, another director received $1,362 for consulting services and an officer received $1,600 for consulting services. During the period ended December 31, 2003 the Company borrowed $150,000 on a short-term loan from a shareholder of the Company. The loan has been fully repaid, as well as $12,500 related to interest.

3) SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

Refer to financial statements (Schedule A) note 4.b. for details.

a)

Summary of securities issued during the quarter:

Issue Date	Security Type	Type of Issue	Number Issued	Price	Total proceeds	Consideration Type
Oct.3/03-Dec.23/03	Common Shares	Warrants Exercised	220,000	$0.20	$44,000	Cash
Oct.9/03-Dec.9/03	Common Shares	Warrants Exercised	70,000	$0.40	$32,000	Cash
Oct.20/03-Dec.1/03	Common Shares	Warrants Exercised	404,800	$0.50	$202,400	Cash
Oct.9/03-Dec.30/03	Common Shares	Warrants Exercised	1,626,755	$0.75	$1,220,066	Cash

Refer to financial statements (Schedule A) note 4.b. for details of securities issued to date.

b)

Options granted during the quarter:

Optionees	Issue Date	Number Issued	Exercise Price	Expiry Date
		Nil		

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4) SUMMARY OF SECURITIES AS AT THE END OF THE REPORTING PERIOD

a.) AUTHORIZED AND ISSUED SHARE CAPITAL AT DECEMBER 31, 2003:

Class	Par Value	Authorized	Issued and o/s	Amount
Common	N.P.V.	1,000,000,000	23,093,995	$9,504,984

b.) OPTIONS OUTSTANDING AT DECEMBER 31, 2003:

Name of Optionee	Date Granted	Exercise Price	Expiry Date	No of Shares
Dave Pearce	April 19,2000	$0.20	April 19,2005	100,000
Eric Carlson	April 19,2000	$0.20	April 19,2005	100,000
Dave Pearce	April 15,2003	$0.50	April 15,2008	75,000
Eric Carlson	April 15,2003	$0.50	April 15,2008	75,000
George Young	April 15,2003	$0.50	April 15,2008	175,000
R. Michael Jones	April 15,2003	$0.50	April 15,2008	175,000
Consultants	April 15,2003	$0.50	April 15,2008	75,000
Dave Pearce	May 12,2003	$0.70	May 12,2008	50,000
Eric Carlson	May 12,2003	$0.70	May 12,2008	50,000
George Young	May 12,2003	$0.70	May 12,2008	50,000
R. Michael Jones	May 12,2003	$0.70	May 12,2008	50,000
Frank Hallam	May 12,2003	$0.70	May 12,2008	75,000
Consultants	May 12,2003	$0.70	May 12,2008	80,000
Consultants	July 9,2003	$0.77	July 9,2008	40,000

a.)

WARRANTS OUTSTANDING DECEMBER 31, 2003:

The following warrants are each exercisable into one common share of the Company as follows**:**

Number of Warrants	Exercise Price	Expiry Date
650,000	$0.20	September 9, 2004
250,000	$0.40	December 20, 2004
24,000	$0.50	April 15, 2005
2,742,005	$0.75	April 15, 2005

d.)

SHARES IN ESCROW OR SUBJECT TO POOLING RESTRICTIONS AS AT DECEMBER 31, 2003:

1,725,000 Common Shares in escrow

---

5) LIST OF DIRECTORS AS AT THE DATE THIS REPORT SIGNED AND FILED:

David Pearce
Eric Carlson
George S. Young
R. Michael Jones

6) LIST OF OFFICERS AS AT THE DATE THIS REPORT SIGNED AND FILED:

George S. Young, President and Chief Executive Officer
Dave Pearce, Corporate Secretary
Frank Hallam, Chief Financial Officer

MAG SILVER CORP.

Formerly MEGA CAPITAL INVESTMENTS INC.

FOR THE YEAR ENDED DECEMBER 31, 2003

SCHEDULE C:

MANAGEMENT DISCUSSION AND ANALYSIS

1)

DESCRIPTION OF BUSINESS OF MAG SILVER CORP.

The Company was originally incorporated under the *Company Act* (British Columbia) on April 21, 1999 under the name "583882 B.C. Ltd.". On June 28, 1999, in anticipation of becoming a capital pool company, the Company changed its name to "Mega Capital Investments Inc.". On April 22, 2003, the Company changed its name to "MAG Silver Corp." to reflect its new business consequent upon the completion of its Qualifying Transaction. The principal business of the Company is the acquisition, exploration and development of mineral properties.

The Company is a "reporting" company in the Provinces of British Columbia, Alberta and Ontario.

The Company's Common Shares were listed and posted for trading on the TSX Venture Exchange (TSXV: MGA) on April 19, 2000. Concurrent with the Company's name change to MAG Silver Corp. on April 22, 2003, the trading symbol was changed to "MAG".

At the time of writing the Company continues to conduct exploration programs on its properties in Mexico, such as rehabilitation work on existing underground workings on the Don Fippi property, drilling at the Adargas property, and a drilling program on the Guigui property. The Company remains in strong financial condition as a result of the April 15, 2003 financing as described above and the exercise of share purchase warrants during and subsequent to the Company's December 31, 2003 year end. The Company continues to follow its business plan as set forth in April 2003.

2)

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION

Revenues

During the year ended December 31, 2003 the Company earned interest income of $77,468 (2002 - $905) on short-term investments and cash on hand. There were no other revenues realized by the Company during the period. Cash at December 31, 2003 amounted to $4,795,822 (Dec 31, 2002 - $167,276).

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2)

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION (continued)

General and Administrative Expenses

Interest earned during the year was applied as a reduction to general and administrative expenses of $915,007 (2002 - $123,536), resulting in an operating loss for the period of ($837,539) (2002 - ($122,631)).

The increase in expenses is directly related to the Company's newly active status and the costs of identifying and completing the Company's Qualifying Transaction in April 2003. The Company has also incurred additional professional fees during the period for the preparation and filing of a Form 20F Registration Document with the United States Securities and Exchange Commission.

Travel and accommodation expenses for the period totaled $130,732 (2002 - nil), management and consulting fees totaled $259,220 (2002 - nil). Please refer to notes 2.g. and 4.c. in schedule A of the financial statements which explains that $75,308 of this amount refers to the granting of stock options as per the CICA Handbook ($41,400 in the second quarter). Excluding the stock option expense, approximately $40,000 in consulting and management fees have been incurred during each of the second and third quarters, with approximately $90,000 incurred in the fourth quarter due to a $50,000 performance bonus paid to the company which organized and carried out the company's exploration activities. No management or consulting fees were incurred in the first quarter as the principal directors at that time did not charge for their services. Consulting and management fees have been paid to five individuals including two directors and an officer of the company. (See related party transactions).

Services provided include project management, investor relations, legal, geological and administrative services. Such services were originally budgeted for within "general and administrative costs" in the Company's Prospectus dated March 31, 2003, however, the scope and nature of the Company's activities since that time have necessitated the hiring of a full time president and the provision of more paid services than originally budgeted for. Legal fees amounted to $108,517 (2002 - $58,849), filing fees totaled $54,924 (2002 - $29,166) while accounting and audit expenses totaled $142,437 (2002 - $24,849). Bank charges and interest totaled $16,285 (2002 - nil) of which $12,500 related to interest paid on a short-term loan from a shareholder of the Company in the amount of $150,000. The loan has been fully repaid. Other smaller expense items account for the balance of general and administrative costs for the period. The Company now occupies office space and receives administrative services on a contract basis.

Other Items

During the period the Company did not write down or abandon any mineral property. No material capital equipment was purchased or disposed of. The Company does not pay any person for marketing or investor relation services. The Company has attended seminars and from time to time and does visit brokers, market analysts and investors who request information about the Company's business. The Company is unaware of any undisclosed liabilities or legal actions against the Company and the Company has no legal actions or cause against any third party at this time. The Company is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligations.

The Company completed the acquisition of Lexington Capital Group Inc. ("Lexington") whose main asset is its indirect interest in the Juanicipio I claim that encompasses MAG's Juanicipio Project near Fresnillo, Zacatecas, Mexico, which has just been drilled by MAG. Under the terms of the agreement MAG paid the vendor US$250,000 and issued 200,000 shares of its common stock. This acquisition could potentially save the Company US$1,150,000 in option payments and US$2,500,000 in work commitments. This also eliminates a net smelter return royalty obligation.

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2)

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION (continued)

Resource Expenditures

During the fourth quarter the Company incurred $92,564 in property acquisition costs. This amount is comprised of property option payments, staking costs, and acquisition costs relating to Lexington Capital Group Inc., a company owning downstream rights to the Juanicipio claims in Mexico. Year to date the Company has spent a total amount of $1,235,928 (2002 - $78,750) on acquisition costs. Of this amount $350,000 was incurred by issuance of share capital at $0.50 per share, $180,000 was incurred by issuance of share capital at $0.90 per share, while the balance was paid in cash. Exploration expenditures in cash for the fourth quarter amounted to $663,389 while year to date totaled $2,019,740 (2002 - $37,802). The majority of these costs relate to the Juanicipio property where the Company has spent $1,124,671 on a rotary diamond drilling program. A total of 6,147 metres was drilled on seven different holes. The company had originally budgeted to drill 4,500 metres at a cost of

$200 per metre, totaling $900,000, but increased this amount to approximately 6,200 metres due to the nature, extent and grade of the mineralization encountered and in order to better delineate the mineralization discovered. Another consideration was the fact that actual cost was below budget on a per metre basis, approximately $183 per metre, compared to $200 per metre budgeted.

Results from the 7 holes drilled on the Juanicipio property have been encouraging and continue to confirm the Company's concepts and exploration models, adding great confidence for future exploration of structures throughout the property.

Phase 1 drilling at Juanicipio targeted six major surface-mapped structures coincident with strong NSAMT geophysical anomalies along the projection of veins being mined in the adjoining Fresnillo Mine area. Drilling results from the last 2 holes showed that silver dominant mineralization lies well above the base-metal rich "root zone" mineralization that appears to cause the deep NSAMT anomalies (See Press Release of November 13, 2003).

Phase 2 exploration activities have begun, following the completion and evaluation of Phase 1 drilling, at its 100% controlled Juanicipio project. Exploration work includes detailed surface mapping and sampling to locate vein segments where mineralization may widen along the 2 to 5 km lateral continuations of the drilled structures. Initial Phase 2 exploration will incorporate further NSAMT geophysics along these wider vein segments to help define targets in the silver dominant zones. Existing permits cover this program, allowing drilling to begin in early 2004.

During the year the Company staked claims to approximately 120,000 hectares of open ground northwest and southeast of its Juanicipio I claim, which has been the focus of its recent drilling program.

The Company has completed aerial photography of the historic Batopilas District and is currently carrying out rehabilitation of some of the principal underground workings in its Don Fippi property that contains the historic Batopilas District. The Company has incurred approximately $181,403 in geological costs on this rehabilitation. Batopilas produced 250,000,000 ounces of silver from very high-grade native-silver ore bodies prior to being shut down by the Mexican Revolution in 1913. As well the company has carried out 30% of its planned geological mapping, and 20% of its planned orientation geophysical survey. During 2004, MAG plans to complete the rest of its geological mapping, geophysical survey and to commence drilling at Batopilas.

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2)

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION (continued)

Resource Expenditures (continued)

Drilling began on October 20, 2003 on its 4,553-hectare Guigui Project in the Santa Eulalia District in Chihuahua, Mexico. The Santa Eulalia District hosts a carbonate replacement silver deposit that has produced over 450,000,000 ounces of silver from nearly 50 million tonnes of ores averaging 350 g/T (11.3 Oz/T) silver, 8.2% lead and 7.8% zinc. Despite nearly 300 years of continuous mining of interconnected high-grade deposits, these have never been traced back to the style of near-source intrusion-related mineralization typical of these deposits worldwide. MAG and others have performed geological and geochemical zoning studies and gravity, magnetic, CSAMT and NSAMT geophysical surveys to define the near-source mineralization targets on the property. The planned 3,500-metre drill program on Guigui consisted of 6 holes to test

these targets, the largest of which centers on a geophysical anomaly more than 1 kilometre in diameter that MAG infers to reflect a buried intrusive body. Four holes were drilled by the end of the year for a total of 3,009 metres. The drill program finished in February 2004 with a total of 4,576 metres drilled over 6 different holes. The Company has recently received assay results from this drilling program. The original budget was for 4 holes, but after some exploration work the Company drilled a further 2 holes in the San Antonio Graben which added over 1,000 metres more than it had originally planned. This along with other additional geological work carried out on the property accounted for the exploration activities to come in above the originally planned budget.

All of the above expenses were deferred. There were no mineral properties written down during the period or in 2002. A complete table of mineral property costs can be found in Note 8. to the Company's financial statements as filed in Schedule A. for the year ended December 31, 2003.

During the year the Company announced that it has entered into agreements in principle to acquire the option to earn a 100% interest in the Adargas and Cinco de Mayo properties, two large exploration projects in the Mexican silver belt.

3)

SUBSEQUENT EVENTS

Subsequent to December 31, 2003, the Company:

(a)

issued 177,500 common shares at $0.20 per share on the exercise of warrants.

(b)

issued 32,000 common shares at $0.40 per share on the exercise of warrants.

(c)

issued 8,000 common shares at $0.50 per share on the exercise of warrants.

(d)

issued 93,250 common shares at $0.75 per share on the exercise of warrants.

(e)

issued 100,000 common shares at $0.20 per share on the exercise of options.

4)

FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES

On April 15, 2003, concurrent with the completion of its Qualifying Transaction, the Company raised gross proceeds of $5,750,000 from the sale of 11,500,000 units at a price of $0.50 per unit. The following is a table comparing the stated use of proceeds for that financing as shown in the Company's Prospectus dated March 31, 2003 as compared to actual expenditures to December 31, 2003 since that financing closed on April 15, 2003:

Description	Notes	Budget	Actual April 15 to Dec. 31	Percent of Budget
Gross Proceeds of Offering	i.	$5,000,000	$5,750,000	115.0 %
Costs, fees and commissions of the Offering	i.	$474,538	$635,234	134%
Juanicipio Option Payments and Taxes	ii.	$363,372	$815,629	224%
Juanicipio Exploration Expenditures	iii.	$1,184,500	$1,132,731	96%
Don Fippi Option Payments and Taxes		$178,000	$173,534	98%
Don Fippi Exploration Expenditures	iv.	$483,000	$323,192	67%
Guigui Option Payments and Taxes		$185,924	$181,812	98%
Guigui Exploration Expenditures	v.	$281,750	$545,856	194%
Working Capital Deficiency Feb 28/03		$158,045	Na	na
Net G & A Expenses for 12 months	vi.	$275,000	$738,069	268%
Working Capital	i.	$1,415,871	$4,920,182	347 %
	Total	$5,000,000	$9,466,240	

i.

Higher than expected interest resulted in offering being increased

ii.

Acquisition of Lexington Capital Group Inc. (see below)

iii.

Exploration program completed for the year (see Resource Expenditures section)

iv.

Exploration program will carry in to 2004 (see below)

v.

Exploration program expanded for the year (see below and Resource Expenditures section)

vi.

Actual number reflects nine months ended December 31, 2003. Higher than expected volume of exploration, market and financial activity has resulted in G&A expenses being incurred at a faster rate then originally budgeted for. (see below)

The Company completed the acquisition of Lexington Capital Group Inc. ("Lexington") whose main asset is its indirect interest in the Juanicipio I claim that encompasses its Juanicipio Project near Fresnillo, Zacatecas, Mexico, which has just been drilled by MAG. Under the terms of the agreement MAG paid the vendor US$250,000 and issued 200,000 shares of its common stock. This acquisition

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could potentially save the Company US$1,150,000 in option payments and US$2,500,000 in work commitments, as well as eliminate a net smelter return royalty obligation.

4)

FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES (continued)

The Company has completed aerial photography of the historic Batopilas District and is currently carrying out rehabilitation of some of the principal underground workings in its Don Fippi property that contains the historic Batopilas District. The Company has incurred approximately $181,403 in geological costs on this rehabilitation. Batopilas produced 250,000,000 ounces of silver from very high-grade native-silver ore bodies prior to being shut down by the Mexican Revolution in 1913. MAG plans to commence drilling at Batopilas during 2004 following additional exploration work in the spring of 2004.

The Company has completed the surface mapping and sampling program at its Guigui property, as set out in the Company's prospectus. Four holes were drilled by the end of the year for a total of 3,009 metres. The drill program finished in February 2004 with a total of 4,576 metres drilled over 6 different holes. Guigui exploration is based on a geological, geochemical and geophysical model designed to find the source zones of the adjoining Santa Eulalia District near Chihuahua, Mexico. Santa Eulalia is another historic district that has produced at least 450,000,000 ounces of silver over the last 300 years, but the Guigui area has never been explored.

The Company budgeted for general and administrative costs of $275,000 for the 12 month period starting April 1, 2003, but has currently incurred $738,069 in the nine months following the prospectus. There are a number of reasons for the variances from the budgeted amounts, which will be discussed.

Included in expenses is $75,308 for stock options granted to consultants using a fair value based method as now required under recommendation of the Canadian Institute of Chartered Accountants. This amount was not previously budgeted for. Please refer to notes 2.g. and 5.c. in schedule A of the financial statements, which explains the accounting methods followed by the Company when granting stock options.

The Company is currently pursuing a United States Securities and Exchange Commission Registration (Form 20-F), which was not budgeted for, and has incurred at least $150,000 on accounting and legal costs relating to this goal. Accounting and legal costs total approximately $220,000 for the last nine months which brings the actual budget variance (net of the $150,000 incurred in connection with the Form 20-F) to about $32,500 above the budgeted amount of $37,500 for the nine months since the prospectus. The increased amounts were due to increased legal opinions on property and other acquisitions carried out during the year, which was beyond what was originally budgeted for.

The Company also paid stock exchange and filing fees of $35,374 during the period, which is now included in general and administrative costs, but was originally included in the category of "other", to which $50,000 was budgeted for over the next 12 months.

A foreign exchange loss of $45,487 was incurred over the first 6 months, which is attributed to the Company holding US dollars (which it uses to pay some of its exploration costs in Mexico) as the Canadian dollar rose against the US dollar during this time period. This amount was not previously budgeted for.

Transfer agent costs of $19,550 are much higher than the budgeted figure of $2,625 for 9 months, but the transfer agent has processed 5,183,995 warrants and 100,000 options in this time, from investors exercising their share purchase warrants and warrants. This rate of exercise exceeds original estimates.

Travel, lodging and related expenses for the management of the company amounted to $130,732, while only $15,000 was budgeted for 9 months. The increase was due to the increased level of activity to accommodate the level of interest in the company and attendance at additional trade shows across North America.

5)

CRITICAL ACCOUNTING POLICIES

The Company's accounting policies are fully set out in Note 2. of its Consolidated Financial Statements (Schedule A).

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.

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 to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

6)

LIQUIDITY AND SOLVENCY

Although, the expenses incurred have been higher than the original budgeted amounts, the Company has experienced a higher than expected volume of exploration, market and financial activity do to the results of its drilling and exploration program at its Mexican properties.

The Company had $4,920,182 in working capital as at December 31, 2003. In the opinion of management of the Company, the Company is able to meet its ongoing obligations as they become due. Management refers the reader to the contents of the audited December 31, 2003 financial statements, as well as the subsequent events section above.

The Company had $4,920,182 in working capital as at December 31, 2003 compared to $167,276 at December 31, 2002. Expenses incurred during the year ended December 31, 2003 are the result of ongoing general and administrative expenses and costs related to the Qualifying Transaction and Offering completed April 15, 2003, the acquisition of Lagartos and resource property expenditures.

Current liabilities of the Company at December 31, 2003 amounted to $208,018, mostly being attributable to accrued exploration expenses.

MAG SILVER CORP.

800-409 Granville Street

Vancouver, British Columbia

V6C 1T2

INFORMATION CIRCULAR

Dated as of May 7, 2004

INTRODUCTION

This Information Circular accompanies the Notice of Annual General Meeting (the "Meeting") of the members of **MAG Silver Corp.** (the "Company") to be held on Friday, June 11, 2004 at the time and place set out in the accompanying Notice of Annual General Meeting (the "Notice"). **This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting and at any adjournment of the Meeting**.

PROXIES AND VOTING RIGHTS

Management Solicitation and Appointment of Proxies

The persons named in the accompanying form of proxy are nominees of the Company's management. **A member has the right to appoint a person (who need not be a member) to attend and act for and on the member's behalf at the Meeting other than the persons designated as proxyholders in the accompanying form of proxy. To exercise this right, the member must either:**

(a)

on the accompanying form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the member's nominee in the blank space provided; or

(b)

complete another proper form of proxy.

To be valid, a proxy must be dated and signed by the member or by the member's attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer of or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to the Company's Registrar and Transfer Agent, Pacific Corporate Trust Company ("Pacific Corporate"), 10th Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8 by 2:00 p.m. (Vancouver time) on Wednesday, June 9, 2004, or at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any

adjournment of the Meeting.

Revocation of Proxies

A member who has given a proxy may revoke it at any time before the proxy is exercised:

(a)

by an instrument in writing that is:

(i)

signed by the member, the member's attorney authorized in writing or, where the member is a corporation, a duly authorized officer or attorney of the corporation; and

(ii)

delivered to Pacific Corporate at 10th Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8 or to the registered office of the Company at Suite 1400, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or

(b)

in any other manner provided by law.

Voting of Shares and Proxies and Exercise of Discretion by Proxyholders

Voting By Show of Hands

Voting at the Meeting generally will be by a show of hands, with each member present in person or by proxy being entitled to one vote.

Voting By Poll

Voting at the Meeting will be by poll only if a poll is:

(a)

requested by a member present at the Meeting in person or by proxy;

(b)

directed by the Chairperson; or

(c)

required by law because the number of shares represented by proxy that are to be voted against the motion is greater than 5% of the Company's issued and outstanding shares.

On a poll, each member and each proxyholder will have one vote for each common (voting) share held or represented by proxy.

Approval of Resolutions

To approve a motion for an ordinary resolution, a simple majority of the votes cast in person or by proxy will be required; to approve a motion for a special resolution, a majority of not less than 75% of the votes cast in person or by proxy will be required.

Voting of Proxies and Exercise of Discretion By Proxyholders

A member may indicate the manner in which the persons named in the accompanying form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy.**

If the member specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the accompanying form of proxy. It is intended that the proxyholder named by management in the accompanying form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company's Board of Directors for directors and auditor.

The accompanying form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the accompanying Notice and with respect to any other matters that may properly come before the Meeting. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters, which will be presented for action at the Meeting other than those referred to in the accompanying Notice. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the accompanying form of proxy intend to vote on them in accordance with their best judgment.

Solicitation of Proxies

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers and employees of the Company without special compensation. The Company may reimburse members' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The costs of solicitation will be borne by the Company.

VOTING SHARES AND PRINCIPAL HOLDERS

Only members of the Company who are listed on its Register of Members on the record date of May 5, 2004 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting (see "Voting of Shares and Proxies and Exercise of Discretion by Proxyholders" above).

As of May 5, 2004, the Company had 24,392,150 common shares issued and outstanding.

To the knowledge of the directors and senior officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

RECEIPT OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

The Directors' Report and the financial statements of the Company for the financial year ended December 31, 2003 and accompanying auditor's report will be presented at the Meeting.

APPOINTMENT OF AUDITOR

The members will be asked to vote for the re-appointment of Deloitte & Touche LLP, Chartered Accountants, as the auditor of the Company to hold office until the next annual general meeting of members of the Company at a remuneration to be fixed by the directors. Deloitte & Touche LLP, Chartered Accountants, was first appointed as the auditor of the Company on March 1, 2000.

ELECTION OF DIRECTORS

The Company's Board of Directors proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his or her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or with the provisions of the *Business Corporations Act* (British Columbia) (the "Act") or he or she becomes disqualified to act as a director.

The following table sets out the names of management's nominees for election as directors, the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time during which each has been a director of the Company, and the number of

common shares of the Company beneficially owned by each of them, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

Name, Country of Residence and Office with the Company[1]	Principal Occupation or Employment for Last Five Years [1]	Periods during which has Served as a Director	Shares Owned[2]
George S. Young United States of America *President, Chief Executive Officer and Director*	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	March 31/03 to date	367,400
David G.S. Pearce Canada *Secretary, Director and Audit Committee Member*	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	June 11/99 to date	590,500
Eric H. Carlson Canada *Director and Audit Committee Member*	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.	June 11/99 to date	613,300
R. Michael Jones Canada *Director and Audit Committee Member*	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.	March 31/03 to date	167,500

Notes:

(1)

The information as to country of residence, principal occupation and shares beneficially owned or over which a director exercises control or direction has been furnished by the respective directors individually.

(2)

Of these shares, 913,334 are held in escrow pursuant to the terms of escrow agreements between Pacific Corporate Trust Company, the Company and certain shareholders of the Company.

The Company does not have an executive committee.

The Company's Board of Directors does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Officers

For purposes of this Information Circular, "executive officer" of the Company means an individual who at any time during the year was the Chair or a Vice-Chair of the Company, where the person performed the functions of such office on a full-time basis; the President; any Vice-President in charge of a principal business unit such as sales, finance or production; any officer of the Company or of a subsidiary of the Company; or any other person who performed a policy-making function in respect of the Company.

The summary compensation table below discloses compensation paid to the following individuals:

(a)

the Company's chief executive officer ("CEO");

(b)

each of the Company's four most highly compensated executive officers, other than the CEO, who were serving as executive officers as at the end of the most recently completed financial year, and whose salary and bonus exceeds $100,000 per year; and

(c)

any additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year;

(each, a "Named Executive Officer").

The Company currently has two "Named Executive Officers", being George S. Young, the Company's President and CEO and Frank Hallam, appointed as the Company's Chief Financial Officer ("CFO") on April 30, 2003.

6

The following table contains a summary of the compensation paid to the Named Executive Officers during the Company's three most recently completed financial years.

		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 Young	2003	90,325	7,000	Nil	225,000	Nil	Nil	Nil
President and	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
CEO[3]	2001	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Frank Hallam	2003	1,600	Nil	Nil	75,000	Nil	Nil	Nil
CFO[4]	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2001	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gregory Dennie	2003	11,000	Nil	Nil	Nil	Nil	Nil	Nil
Former CFO[4]	2002	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2001	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Summary Compensation Table

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.

(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)

Mr. Young was appointed the Company's President and CEO on April 15, 2003.

(4)

Mr. Hallam was appointed as the Company's CFO on April 30, 2003. Mr. Dennie ceased to act as same on April 30, 2003.

Compensation of Directors

The directors of the Company do not receive any cash compensation for services rendered in their capacity as directors of the Company.

Direct Remuneration

The aggregate direct remuneration paid or payable by the Company and its subsidiaries whose financial statements are consolidated with those of the Company to the directors and senior officers of the Company was $111,287.

Options, Stock Appreciation Rights and Other Rights to Purchase Securities

The following table sets out the incentive stock options and stock appreciation rights granted to each Named Executive Officer during the Company's most recently completed financial year.

Name	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price ($/Security)	Market Value of Securities Underlying Options/SARs on the Date of	Expiration Date

				Grant ($/Security)	
George S. Young	175,000	17.7%	$0.50	$0.50	April 15, 2008
George S. Young	50,000	5.0%	$0.70	$0.70	May 12, 2008
Frank R. Hallam	75,000	7.5%	$0.70	$0.70	May 12, 2008

No incentive stock options or stock appreciation rights were exercised by the Named Executive Officers during the Company's most recently completed financial year.

The following table provides the values of the stock options and stock appreciation rights still held by the Named Executive Officers at year-end.

Name of Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options/SARs at Financial Year-End ($) Exercisable/ Unexercisable (1) (2)
George S. Young	Nil	Nil	225,000	$399,500
Frank R. Hallam	Nil	Nil	75,000	$121,500

Notes:

(1)

"In the money" options are those where the market value of the underlying securities at the fiscal year-end exceeds the exercise price of the option.

(2)

The value of these Options was determined by calculating the difference between the closing price of the Company's shares on December 31, 2003 (the last trading day of the Company's shares during fiscal 2003) ($2.32), and the exercise price of the Option ($0.50 and $0.70), and then multiplying the difference by the number of shares under Option at the fiscal year end.

Since the beginning of the Company's most recently completed financial year, the following options and other rights to purchase securities of the Company were granted to the directors and senior officers of the Company, as a group:

Securities under Option	Exercise Price Per Share	Date of Grant/Expiry Date	Consideration Received for the Grant	Price Range of the Common Shares for the 30 Days Preceding the Grant
480,000	$0.50	April 15, 2003/2008	Nil	Not trading
245,000	$0.70	May 12, 2003/2008	Nil	$0.46 - $0.70

Since the beginning of the Company's most recently completed financial year, no options or other rights to purchase securities of the Company were exercised by the directors and senior officers of the Company.

Long-Term Incentive Plans

The Company does not have any long-term incentive plans.

Pension Benefits

Neither the Company nor any of its subsidiaries currently has a pension benefits arrangement under which the Company or any of its subsidiaries has made payments to the directors and senior officers of the Company during its most recently completed financial year or intends to make payments to the Company's directors and senior officers upon their retirement (other than those made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

Other Benefits

The aggregate of all remuneration paid (other than the payments set out above and those made pursuant to the Canada Pension Plan or any government plan similar to it and payments to be made for, or benefits to be received from, group life or accident insurance, group hospitalization or similar group benefits or payments) during the Company's most recently completed financial year to the directors and senior officers of the Company, as a group, directly or indirectly, by the Company or any of its subsidiaries pursuant to any existing plan or arrangement, was $Nil. The Company and its subsidiaries do not propose to make payments, directly or indirectly, in the future to the directors and senior officers of the Company, as a group, pursuant to such a plan or arrangement.

Employment Contracts

There are currently no employment contracts between the Company and its Named Executive Officers, or other directors, officers or employees of the Company.

Termination of Employment

The Company has no plan or arrangement whereby any Named Executive Officer may be compensated in an amount exceeding $100,000 in the event of that officer's resignation, retirement or other termination of

employment, or in the event of a change of control of the Company or a subsidiary or a change in the Named Executive Officers' responsibilities following such a change of control.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Other than routine indebtedness, no director, executive officer or senior officer of the Company, or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such director, senior officer or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee or similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

MANAGEMENT CONTRACTS

Management functions of the Company or any subsidiary of the Company are not, to any substantial degree, performed by a person other than the directors or senior officers of the Company or its subsidiaries (if any).

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular and below, no insider of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any such insider or proposed nominee, has had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

Finders' Fee

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 Minera Los Lagartos, S.A. de C.V, as part of the Company's Qualifying Transaction, which shares are held in escrow under an agreement dated April 8, 2003. These shares are released from escrow as 10% on April 21, 2003 and 15% each six months thereafter so that all such shares will be released by April 21, 2006.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Amendment to Escrow Release Provisions

As of April 23, 2004, a total of 1,180,000 Common Shares are held in escrow by the Company's registrar and transfer agent, Pacific Corporate Trust Company, pursuant to an escrow agreement dated for reference November 9, 1999 (the "Original Escrow Agreement") and an escrow agreement dated April 8, 2003 (the "New Escrow Agreement") as follows:

Name of Beneficial Shareholder	Number of Common Shares Originally Held in Escrow	Number of Shares Held in Escrow on Closing of the Qualifying Transaction[8]	Number of Common Shares Currently Held in Escrow
George S. Young	250,000[1]	250,000[1] 115,000[2] 365,000	150,000[1] 76,667[2] 226,667
R. Michael Jones	50,000[1]	50,000[1] 120,000[2] 170,000	30,000[1] 80,000[2] 110,000
David G.S. Pearce	500,000[2]	400,000[2]	266,667[2][3]
Eric H. Carlson	500,000[2]	465,000[2]	310,000[2][4]
Robert C. Thornton	300,000[2]	240,000[2]	160,000[2][5]
James Speakman	120,000[2]	100,000[2]	53,333[2][6]
James L. Heppell	100,000[2]	80,000[2]	53,333[2][7]
TOTAL	**1,820,000**	**1,820,000**	**1,180,000**

Notes:

(1)

These shares were deposited into escrow under the New Escrow Agreement.

(2)

These shares were deposited into escrow under the Original Escrow Agreement.

(3)

Of these shares, 200,000 are registered in the name of Palmer Beach Properties Inc. and 66,667 shares are registered in the name of Mr. Pearce directly.

(4)

These shares are registered in the name of Carmax Enterprises Corporation.

(5)

Of these shares, 93,333 are registered in the name of Mr. Thornton directly and 66,667 shares are registered in the name of Montana Ventures Ltd.

(6)

These shares 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.

(7)

These shares are registered in the name of Free Spirit Investments Ltd. ("Free Spirit"). Mr. Heppell is a former officer of the Company.

(8)

Upon completion of the Qualifying Transaction 115,000 of the 1,520,000 shares originally deposited under the Original Escrow Agreement were transferred to George Young and 120,000 of such shares were transferred to R. Michael Jones. These 235,000 shares were transferred from Dave Pearce (as to 100,000), Eric Carlson (as to 35,000), Robert Thornton (as to 60,000), James Speakman (as to 20,000), and James Heppell (as to 20,000).

The 1,520,000 Common Shares deposited into escrow under the Original Escrow are to be released from escrow on a pro rata basis as to one-third of the original number of shares escrowed on each of the first, second and third anniversaries of the completion by the Company of its Qualifying Transaction (which occurred on April 15, 2003).

The 300,000 Common Shares deposited into escrow under the New Escrow Agreement are to be released from escrow as to 10% of the original number of shares escrowed on April 21, 2003 and 15% each six months thereafter so that all such shares will be released by April 21, 2006.

The reason for the difference in the escrow release provisions is that the applicable policies of the TSX Venture Exchange changed between the date of the Original Escrow Agreement and the date of the New Escrow Agreement.

To be more equitable and fair, subject to the acceptance of the TSX Venture Exchange, Management of the Company proposes to make the provisions for the release of the shares from escrow the same under the two escrow agreements by amending the escrow release provisions of the Original Escrow Agreement to be the same as the escrow release provisions of the New Escrow Agreement. To do so, the TSX Venture Exchange requires the Company to obtain the approval of a majority of the disinterested shareholders of the Company. In this regard, the shareholders will be requested at the Meeting to approve the following resolution approving an amendment to the escrow release provisions governing the Original Escrow Agreement, which resolution must be passed by the affirmative vote of a majority of the votes cast by shareholders at the Meeting as well as by a majority of the disinterested shareholders:

"IT IS HEREBY RESOLVED THAT:

1.

the amendment to the escrow release provisions contained in the escrow agreement dated November 9, 1999 among the Company, Pacific Corporate Trust Company and certain shareholders of the Company so that shares originally deposited into escrow under that agreement will be released as to 10% of the original number of shares escrowed on April 21, 2003 and 15% each six months thereafter so that all such shares will be released by April 21, 2006 be approved; and

2.

any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution."

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or senior officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Other than as set forth below, management of the Company is not aware of any other matter to come before the Meeting, other than as set forth in the Notice and this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Information Circular have been approved, and the delivery of it to each member of the Company entitled thereto and to the appropriate regulatory agencies, has been authorized by the Board of Directors of the Company.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY ORDER OF THE BOARD OF DIRECTORS

MAG SILVER CORP.

"Frank R. Hallam"

Frank R. Hallam

CFO

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800 - 409 Granville Street, Vancouver BC V6C 1T2

ph: 604-630-1399 fax: 604-484-4710

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of the members of MAG Silver Corp. (the "Company") will be held at 2:00 p.m. (Vancouver time) on Friday, June 11, 2004 at 1400 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9 for the following purposes:

1.

To receive the report of the directors of the Company;

2.

To receive the audited financial statements of the Company for the financial year ended December 31, 2003 and accompanying report of the auditor;

3.

To re-appoint Deloitte & Touche LLP, Chartered Accountants, as the auditor of the Company for the ensuing year at a remuneration to be fixed by the directors;

4.

To elect the directors of the Company for the ensuing year;

5.

To approve an amendment to the provisions governing the release of shares of the Company currently held in escrow, as more particularly described in the accompanying Information Circular; and

6.

To transact such other business as may properly come before the Meeting.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this Notice of Meeting.

If you are a registered member of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's Registrar and Transfer Agent, Pacific Corporate Trust Company, 10th Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8 by 2:00 p.m. (Vancouver time) on Wednesday, June 9, 2004 or at least 48 hours (excluding Saturdays, Sundays and holidays) before the time that the Meeting is to be reconvened after any adjournment of the Meeting.

If you are a non-registered member of the Company and received this Notice of Annual General Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, May 7, 2004

BY ORDER OF THE BOARD OF DIRECTORS

MAG SILVER CORP.

George Young
President

REQUEST FOR FINANCIAL STATEMENTS

NOTICE TO SHAREHOLDERS OF MAG SILVER CORP. (the "Company")

You may choose to receive the Company's financial reports by simply completing the information below and returning this notice in the postage paid return envelope provided.

Offering you the option to receive the Company's financial reports is not only a sound environmental choice, but it also enables us to reduce costs by sending these documents only to those shareholders who wish to receive them. Ultimately, the choice is yours. As long as you remain a non-registered shareholder, you will receive this notice each year and will be required to renew your request to receive the Company's financial reports.

- Please add my name to the mailing list for the Company's so that I may receive interim financial statements and related MD&A.
- Please add my name to the mailing list for the Company's so that I may receive the Annual Report, including the annual financial statements and related MD&A.

TO:

MAG SILVER CORP. (the "Company")

The undersigned certifies that he/she/it is the owner of securities (other than debt instruments) of the Company, and requests that he/she/it be placed on the Company's Financial Statement Mailing List in respect of its financial statements.

Name (Please print)

Address

City/Province (or State)/Postal Code

Signature of shareholder, or if shareholder is a

Dated
company, signature of authorized signatory.

Please complete and return this document along with your Proxy in the attached envelope or as indicated below. As the mailing list will be updated each year, a return card will be required from you annually in order for your name to remain on the list.

MAG Silver Corp.

Suite 800, 409 Granville Street

Vancouver, BC

V6C 1T2

Tel: 604-630-1399

Fax: (604) 484-4710