

MAG SILVER CORP
Form 6-K
May 31, 2005

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: **May 9 - 27, 2005**

MAG Silver Corp.

(SEC File No. 0-50437)

328 550 Burrard Street, Vancouver BC, V6C 2B5, 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):

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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: May 30, 2005

Dan MacInnis

DAN MACINNIS

President & CEO

FORM 6K May 31, 2005

MAG Silver Corp.

FORM 53-901F

MATERIAL CHANGE REPORT

UNDER SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)

AND SECTION 118(1) OF THE SECURITIES ACT (ALBERTA)

Item 1.

Reporting Issuer

MAG SILVER CORP.

328 - 550 Burrard Street

Vancouver BC, V6C 2B5

Telephone:

(604) 630-1399

Facsimile:

(604) 484-4710

Item 2.

Date of Material Change:

May 17, 2005

Item 3.

Press Release

The Issuer issued a press release at Vancouver BC dated May 18, 2005

Item 4.

Summary of Material Change

MAG Silver Corp. (TSXV:MAG) announced it has increased its exploration properties through a land package acquisition to MAG's Lagartos SE claim group, in Zacatecas State, Mexico.

Item 5.

Full Description of Material Change

See the news release dated May 17, 2005.

Item 6.

Reliance on Section 85(2) of the Act (British Columbia) And Section 118(2) of the Act (Alberta) N/A

Item 7.

Omitted Information

N/A

Item 8.

Senior Officers

The following senior officer of the Issuer is knowledgeable about the material change and may be contacted by the Commission at the following telephone number: Dan MacInnis, President & CEO Phone: (604) 630-1399

Item 9.

Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, British Columbia this- 27th day of May, 2005.

MAG Silver Corp.

"Dan MacInnis"

Dan MacInnis,

President & CEO

MAG Silver Corp.

MATERIAL CHANGE REPORT

328 - 550 Burrard Street, Vancouver BC, V6C 2B5

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FORM 53-901F

MATERIAL CHANGE REPORT

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MAG Silver Corp.

"Dan MacInnis"

Dan MacInnis,

President & CEO

MAG Silver Corp.

MATERIAL CHANGE REPORT

328 - 550 Burrard Street, Vancouver BC, V6C 2B5

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MAG Silver Corporation.

For Immediate Release

May 17, 2005

**MAG SILVER INCREASES LAND POSITION AT
LAGARTOS, FRESNILLO DISTRICT, ZACATECAS,
MEXICO**

Vancouver, B.C MAG Silver Corporation (TSXV: MAG) is pleased to announce that it has increased its exploration properties through a land package acquisition to MAG's Lagartos SE claim group, in Zacatecas State, Mexico. This acquisition is a continuation and confirmation of MAG's commitment to the exploration potential of the Zacatecas Silver Mining District (Fresnillo Trend).

The new claims were acquired in four separate parcels and total 12,534 hectares. They are internal and adjacent to the company's present claim holdings at Lagartos SE (see attached maps). The land package controlled by MAG Silver within this portion of the Fresnillo silver belt now totals over 130,000 hectares and helps maintain our position as the largest landholder in the area.

Included within MAG's Fresnillo trend land package is our 8,302 hectare Juanicipio property where MAG recently entered into a Joint Venture arrangement (see press release dated April 04, 2005) with Industrias Penoles S.A. de C.V., the world's largest producer of refined silver. Penoles' current exploration campaign near the eastern boundary of Juanicipio resulted in the recently announced "Saucito" silver-gold vein discovery. This significant new mineral discovery enlarges the mineral endowment of the Fresnillo mine district and significantly highlights the potential for new and similar discoveries "under cover" in and along the Fresnillo trend.

MAG's 2003-2004 exploration drilling at Juanicipio intersected several vein structures with significant silver and gold values lying along the projection of the Saucito vein group. The initial Joint Venture exploration effort will focus on linking MAG's discoveries to the Saucito veins.

Drilling at Lagartos NW last year intersected 65 meters of strong advanced argillic alteration followed by 700 meters of strong silicification with abundant pyrite. The

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drilling also significantly encountered several narrow mineralized structures, the best of which ran 1.3 g/T Au over nearly 1.5 meters.

The results at Lagartos strongly indicate that we are within a high-level portion of a major epithermal system (i.e. Fresnillo) only 30 kilometres along the structural trend from the Fresnillo silver district. Anomalous values of gold (up to 1.3 g/t), silver, mercury, antimony, and arsenic are found throughout the holes and indicating that an epithermal system is in place.

Geotechnical programs are presently underway on the Lagartos land holdings, still controlled 100% by MAG Silver Corporation.

About MAG Silver Corp.

MAG is a Silver exploration company focused on projects located within the Mexican Silver Belt. Our large land inventory is well positioned in mining districts with historical and ongoing large-scale, high-grade silver production. MAG's exploration efforts are engaged in the search for multi-million ounce silver deposits on a district scale. We are committed to discover silver deposits of size and grade that are able to withstand and overcome fluctuations in commodity prices. Our mission is to become one of the premier silver companies in the Silver Mining Industry. MAG is based in Vancouver, British Columbia, Canada and trades on the **TSXV as MAG**.

"Dan MacInnis"

President and CEO

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For further information on behalf of MAG Silver Corp. contact **Gordon Neal**, VP Corp. Development

Website: www.magsilver.com

Email: info@magsilver.com

Phone: (604) 630-1399

Fax: (604) 484-4710

Toll free: (866) 630-1399

The TSX Venture Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this news release, which has been prepared by management.

Note to U.S. Investors: Investors are urged to consider closely the disclosure in our Form 20F, File No. 0-50437 available at our office: Suite 328-550 Burrard Street, Vancouver BC, Canada, V6C 2B5 or from the SEC: 1(800) SEC-0330.

MAG SILVER CORP.

(An Exploration Stage Company)

Consolidated Interim Financial Statements

For the three month period ended March 31, 2005

Filed May 13, 2005

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

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O F F I C E

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**The attached interim financial statements have not
been reviewed by the Company's auditor**

MAG SILVER CORP.

(An Exploration Stage Company)

Consolidated Balance Sheets

	Mar. 31, 2005	Dec. 31, 2004
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,636,292	\$ 1,866,360
Accounts receivable (Note 10)	335,455	520,776
Interest receivable	25,018	22,194
Prepaid expenses	7,343	12,850
TOTAL CURRENT ASSETS	2,004,108	2,422,180
FIXED ASSETS AND LEASEHOLDS (Note 3)	51,809	41,403
MINERAL RIGHTS (Note 6)	3,289,263	3,276,550
DEFERRED EXPLORATION COSTS (Note 6)	4,179,037	4,034,164
TOTAL ASSETS	\$ 9,524,217	\$ 9,774,297
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 28,246	\$ 61,837
TOTAL LIABILITIES	28,246	61,837
SHAREHOLDERS' EQUITY		
Share capital (Note 4)		
Authorized - 1,000,000,000 common shares, without par value		
Issued and outstanding at March 31, 2005		
- 25,914,611 common shares (December 31, 2004 -		11,615,098
25,829,538)	11,684,153	
Common shares allotted - not issued		
(Note 6 (d))	-	9,467
Contributed surplus	797,436	323,436
Deficit	(2,985,618)	(2,235,541)

TOTAL SHAREHOLDERS' EQUITY	9,495,971	9,712,460
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY CONTINUING OPERATIONS (Note 1)	\$ 9,524,217	\$ 9,774,297

ON BEHALF OF THE BOARD

"Dan MacInnis"

President & CEO

"R. Michael Jones"

Director

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Operations**

	For the three month period ended March 31, 2005	For the three month period ended March 31, 2004
EXPENSES		
Accounting and audit	\$ 15,000	\$ 22,000
Amortization	4,438	2,578
Bank charges and interest	411	647
Filing and transfer agent fees	11,063	10,205
Foreign exchange	(1,561)	(20,136)
Legal	51,589	22,017
Management and consulting fees	78,615	40,546
Shareholder relations	40,532	22,866
Stock compensation expense	474,000	-
Telephone and office	67,860	31,589
Travel	30,331	7,215
	772,278	139,527
LOSS BEFORE THE FOLLOWING INTEREST INCOME	(772,278)	(139,527)
	22,201	26,395
NET LOSS FOR THE PERIOD	\$ (750,077)	\$ (113,132)
BASIC AND DILUTED LOSS PER SHARE		
	\$ (0.03)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
	25,862,946	23,402,739

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity**

	Common shares		Shares		Special	Contributed	Deficit	
	without par value		allotted		warrants	Surplus	accumulated	shareho
	Shares	Amount	but	Number	Amount		during the	e
			not issued				exploration	
							stage	
Issued for cash	1,500,000	\$ 150,000	\$ -	-	\$ -	\$ -	\$ -	\$ 150,000
Net loss	-	-	-	-	-	-	(4,279)	(4,279)
B a l a n c e , October 31, 1999	1,500,000	150,000	-	-	-	-	(4,279)	145,721
Net loss	-	-	-	-	-	-	(3,787)	(3,787)
B a l a n c e , 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)
B a l a n c e , December 31, 2000	3,000,000	390,222	-	-	-	-	(13,707)	376,515
Net loss	-	-	-	-	-	-	(279,639)	(279,639)
B a l a n c e , December 31, 2001	3,000,000	390,222	-	-	-	-	(293,346)	9,169
Issued for cash	-	-	-	2,400,000	375,000	-	-	375,000
Net loss	-	-	-	-	-	-	(122,631)	(122,631)
B a l a n c e , December 31, 2002	3,000,000	390,222	-	2,400,000	375,000	-	(415,977)	349,245
	11,500,000	5,109,766	-	-	-	-	-	5,109,766

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Issued for cash (Note 4 (a))									
Conversion of s p e c i a l warrants	2,400,000	375,000	-	(2,400,000)	(375,000)	-	-		
A g e n t ' s administration shares (Note 4 (a))	10,000	5,000	-	-	-	-	-		5
Finders' fee shares (Note 7 (a))	500,000	250,000	-	-	-	-	-		250
I s s u e d t o obtain mineral property option rights	200,000	100,000	-	-	-	-	-		100
I s s u e d o n acquisition of L e x i n g t o n (Note 7 (b))	200,000	180,000	-	-	-	-	-		180
W a r r a n t s exercised	5,183,995	3,068,996	-	-	-	-	-		3,069
Stock options exercised	100,000	26,000	-	-	-	-	-		26
Stock options granted to consultants	-	-	-	-	-	75,308	-		75
Net loss	-	-	-	-	-	-	(837,539)		(837)
B a l a n c e , December 31, 2003	23,093,995	9,504,984	-	-	-	75,308	(1,253,516)		8,322
Cumulative e f f e c t o f change in a c c o u n t i n g policy (Note 2 (h))	-	-	-	-	-	248,128	(248,128)		
I s s u e d t o obtain mineral property option rights	1,358,793	1,578,752	-	-	-	-	-		1,579
W a r r a n t s exercised	1,236,750	480,562	-	-	-	-	-		481
Stock options exercised	140,000	50,800	-	-	-	-	-		51

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Shares allotted to acquire mineral property									
option rights	-	-	9,467	-	-	-	-	9	
Net loss	-	-	-	-	-	-	(733,897)	(733)	
Balance, December 31, 2004	25,829,538	11,615,098	9,467	-	-	323,436	\$(2,235,541)	\$ 9,711	
Issued to obtain mineral property									
option rights	22,573	22,180	(9,467)	-	-	-	-	1	
Warrants exercised	62,500	46,875	-	-	-	-	-	4	
Stock options granted to consultants	-	-	-	-	-	474,000	-	47	
Net loss	-	-	-	-	-	-	(750,077)	(750)	
Balance, March 31, 2005	25,914,611	11,684,153	\$ -	\$ -	\$ -	797,436	\$(2,985,618)	\$ 9,491	

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity****MAG SILVER CORP.****(An Exploration Stage Company)****Consolidated Statements of Cash Flows**

	For the three month period ended March 31, 2005	For the three month period ended March 31, 2004
OPERATING ACTIVITIES		
Loss for the period	\$ (750,077)	\$ (113,132)
Items not involving cash:		
Amortization	4,438	2,578
Non-cash compensation expense	474,000	-
Changes in operating assets and liabilities		
Accounts receivable	185,321	(90,682)
Interest receivable	(2,825)	(11,279)
Prepaid expenses	5,507	(6,872)
Accounts payable and accrued liabilities	(33,591)	(146,967)
	(117,227)	(366,354)
INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements	(14,843)	-

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Mineral rights	-	(1,538)
Deferred exploration costs	(144,873)	(481,051)
	(159,716)	(482,589)
FINANCING ACTIVITIES		
Issue of share capital	46,875	225,163
Issue of special warrants	-	-
Deferred financing costs	-	-
	46,875	225,163
(DECREASE) INCREASE IN CASH	(230,068)	(623,780)
CASH AND EQUIVALENTS, BEGINNING OF PERIOD	1,866,360	4,795,822
CASH AND EQUIVALENTS, END OF PERIOD		
(Note 2 (d))	\$	\$
	1,636,292	4,172,042
Interest paid	\$	\$
	-	-
Non-cash investing and financing activities:		
Issue of shares in connection with acquisition of Minera Los Lagartos, S.A. de C.V. (Note 7 (a))	\$	\$
	-	-
Issue of shares in exchange for mineral property option rights	\$	\$
	12,713	-
Issue of shares in connection with acquisition of Lexington Capital Group Inc. (Note 7 (b))	\$	\$
	-	-

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

1.

CONTINUING OPERATIONS

The Company was incorporated under the Company Act (British Columbia) on April 21, 1999 and its shares were listed on the TSX Venture Exchange on April 21, 2000.

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.

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.

(a)

Principles of consolidation

On January 15, 2003, the Company completed its acquisition of Minera Los Lagartos, SA de CV (Note 7 (a)) and on July 16, 2003, its acquisition of Lexington Capital Corp. (Note 7 (b)). The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 estimated.

(c)

Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, interest receivable and accounts payable reflected in the balance sheet approximate their respective fair values.

Price risk is the risk that the value of the Company's financial instruments will vary because of fluctuations in foreign exchange rates and the degree of volatility of these rates. Certain of the Company's accounts receivable and accounts payable and accrued liabilities are denominated in Mexican pesos. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates.

(d)

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term money market instruments which are readily convertible into cash and have original maturities of 90 days or less.

Details of cash and cash equivalents are as follows:

	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
	\$		
Cash	236,292	\$ 66,360	\$ 495,822
Short-term deposits	1,400,000	1,800,000	4,300,000
	\$		
	1,636,292	\$ 1,866,360	\$ 4,795,822

(e)

Mineral rights and deferred exploration costs

The Company is in the exploration stage with respect to its activities and accordingly follows the practice of capitalizing all costs relating to the acquisition, exploration and development of its mining rights 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 carrying values related to abandoned interests are charged to operations at the time of any abandonment.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e)

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.

(f)

Fixed assets and leaseholds

Fixed assets are recorded at cost and are amortized on the declining balance basis at the following annual rates:

Computer equipment

30%

Computer software

30%

Field equipment

20%

The leasehold improvements are depreciated on a straight-line basis to amortize the costs over the three year term.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g)

Income taxes

Future income taxes relate to the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax values. Future tax assets, if any, are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized. Future income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

(h)

Stock-based compensation

Effective January 1, 2004, the Company adopted the amended recommendations of the CICA Handbook Section 3870, *Stock-based Compensation and Other Stock-based Payments*. Under the amended standards of this Section, the fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations over their vesting periods. The compensation cost related to stock options granted after January 1, 2004 is recorded in operations.

Previously, the Company provided note disclosure of pro forma net earnings and pro forma earnings per share as if the fair value based method had been used to account for share purchase options granted to employees, directors and officers after January 1, 2002. The amended recommendations have been applied retroactively from January 1, 2002 without restatement of prior periods. As a result, as of January 1, 2004, the deficit was increased by \$248,128, and contributed surplus was increased by \$248,128.

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The total compensation expense recognized in the statement of operations for share purchase options granted in 2004 amount to \$Nil. Had the same basis been applied to share purchase options granted in 2003 and 2002, net earnings would have been as follows:

	2003	2002
Net loss	\$ 837,539	\$ 122,631
Additional compensation expense	248,128	-
Pro forma net loss	\$ 1,085,667	\$ 122,631
Pro forma basic and diluted loss per share	\$ (0.07)	\$ (0.08)

For the year ended December 31, 2003, stock-based compensation expense was determined using an option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company's share price of 63%, an annual risk free interest rate of 3.76% and expected lives of five years. The weighted average fair value of share purchase options granted in 2003 was \$0.25 per share.

No stock options were issued in the years ended December 31, 2004.

Please refer to note 4. (b) for current periods granting of stock options.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i)

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 as a component of foreign exchange (gain) loss on the statement of operations.

(j)

Earnings (loss) per common share

Basic earnings (loss) 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 (Note 4 (d)).

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.

(k)

Asset retirement obligations

Effective January 1, 2004, the Company adopted CICA Handbook Section 3110, "Asset Retirement Obligations."

Under this new standard, the present value of future mine closure obligations is determined when the obligation is incurred and recorded as a liability with a corresponding increase in the carrying value of the related mining assets.

The carrying value is amortized over the life of the related mining asset on a units-of-production basis commencing with initial commercialization of the asset. The liability is accreted to the actual liability on settlement through charges each period in the statement of operations.

The retroactive adoption of this new standard had no material effect on the financial position or results of operations of the Company.

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity****3.****FIXED ASSETS AND LEASEHOLDS**

		March 31, 2005		December 31, 2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment and software	\$ 19,864	\$ 5,483	\$ 14,381	\$ 10,698
Field equipment	34,806	9,878	24,928	16,955
				13,750
Leasehold improvements	15,000	2,500	12,500	
	\$ 69,670	\$ 17,861	\$ 51,809	\$ 41,403

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 consisted 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, and 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 expenditures 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 5). The prospectus also qualified 500,000 finders' fee shares issued in relation to 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.

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity****4.****SHARE CAPITAL (Continued)***(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:

	Period ended	Weighted	Year ended	Weighted
	March 31,	Average	December 31,	Average
	2005	Exercise	2004	Exercise
		Price		Price
Balance outstanding, beginning of year	1,030,000	\$ 0.54	1,170,000	\$ 0.52
Activity during the year				
	970,000	1.06		
Options granted			-	-
Options exercised	-	-	(140,000)	0.36
Balance outstanding, end of period	2,000,000	\$ 0.79	1,030,000	\$ 0.54

The following table summarizes options outstanding and exercisable at March 31, 2005:

Range of Exercise Prices	Number Outstanding and Exercisable at March 31, 2005	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
\$ 0.20	100,000	0.05	\$ 0.20
0.50	575,000	3.03	0.50
0.70	355,000	3.11	0.70
1.06	970,000	4.92	1.06
	2,000,000	3.88	\$ 0.79

During the current period the Company granted 970,000 stock options. During the year ended December 31, 2004 no stock options were granted. The Company has recorded \$474,000 (2004 - \$nil) of compensation expense relating to stock options granted to employees and consultants in the period ended March 31, 2005.

For the period ended March 31, 2005, stock-based compensation expense was determined using an option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company's share price of 67%, an annual risk free interest rate of 3.0% and expected lives of three years.

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity****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 into common shares	(5,183,995)		0.59
Balance at December 31, 2003	3,666,005		0.63
Exercised and converted into common shares	(1,236,750)		0.39
Balance at December 31, 2004	2,429,255		0.75
Exercised and converted into common shares	62,500		0.75
Balance at March 31, 2005	2,366,755	\$	0.75

The following table summarizes information about the warrants outstanding at March 31, 2005:

Range of Prices	Warrants Outstanding	Expiry Date
\$ 0.50	16,000	April 15, 2005
0.75	2,350,755	April 15, 2005

(d)

Shares held in escrow

On March 31, 2005, 810,008 of the Company's common shares are held in escrow and are scheduled to be released in increments of 270,003 shares on April 21, 2005, 270,003 shares on October 21, 2005 and 270,002 shares on April 21, 2006.

5.**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:

	2004	2003	2002
Statutory tax rates	35.60%	37.60%	39.60%
Recovery of income taxes computed at statutory rates	\$ 261,267	\$ 314,915	\$ 48,561
Non-taxable portion of capital loss	-	-	(700)
Non-deductible expenses	(4,116)	(28,316)	-
Lower effective tax rate on loss in foreign jurisdictions	(1,973)	(1,603)	-
Future tax benefits not recognized in the period that the loss arose	(255,178)	(284,996)	(47,861)
	\$ -	\$ -	\$ -

MAG SILVER CORP.**(An exploration stage company)****Consolidated Statements of Shareholders' Equity****5.****INCOME TAXES (Continued)**

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

	2004	2003
Canadian operating loss carryforwards	\$ 651,097	\$ 323,750
Mexican operating loss carryforwards	1,223,600	607,574
Canadian capital losses carried forward	44,100	44,100
Share issuance costs	136,750	182,300
Total future income tax assets	2,055,547	1,157,724
Less valuation allowance	(831,947)	(550,150)
Net future income tax assets	1,223,600	607,574
Future income tax liability		
Excess book value of mineral rights and deferred exploration costs over tax values	(1,223,600)	(607,574)
Net future income tax assets	\$ -	