



SILVER UPDATE

OCTOBER 2008

WHY GRADE IS KING

A question and answer session with President and CEO, Dan MacInnis, on the importance of high grade in the building of MAG Silver Corp.



Q: *MAG's silver discoveries at the Juanicipio property were some of the richest the industry has seen in years. Were you surprised?*

DM: Yes and no. Yes, of course, surprised and enormously gratified that the Valdecañas vein has turned out the way it has – a truly world class silver deposit. Anytime a mineral discovery is made and continues to prove out, fortune is smiling.

But no, in the sense that we were working in the richest silver district on the planet, next to the world's largest primary silver mine, Fresnillo – if you're looking for high-grade silver that's the place to be. And we believed in our geological model, advanced by one of MAG's founders Dr. Peter Megaw, which theorized that the alteration on our property was part of the same mineralization event that created the vein systems nearby. The fact that we found silver did not surprise us, but to hit the Juanicipio vein on our first drill hole, a "blind" discovery, is rare.

Q: *And the Valdecañas discovery?*

Again, no surprise we found more silver, but the Valdecañas vein we discovered with our partner Fresnillo plc has proved the richest silver find in the last 10-15 years – roughly double the grade and width of the average vein in the Fresnillo II vein field, and a 238 million oz silver resource that's still growing.

Q: *Was high-grade silver your target from the start?*

DM: High-grade, yes, and large-scale. From day one, MAG decided if we're going to be in the silver exploration business we were going to concentrate on Mexico, source of much of the world's past and present silver production, but also still virtually unexplored in covered areas by modern techniques. We believed there was a tremendous opportunity to explore historical silver mining trends and explore in new areas for the source of that wealth. We wanted to build a leading silver company and for that we needed to discover big high-grade deposits. As

explorationists, that's the business we wanted to build.

Q: *In acquiring ground, what do you look for?*

DM: Well, in simplest terms, we look for neighbouring production on both sides and alluvial cover between. We believe the source of the regional mineralization is often present under cover but undetectable by the old prospectors who relied on outcrop to guide them. And the source of the mineralization is often deeper than old mining methods could exploit. We have seven district-scale projects – over 100 square miles – assembled on that basis and have made significant new high-grade silver discoveries on three of them to date, and we're really just beginning.

Q: *Is this kind of "blind" exploration risky?*



DM: Of course, especially because it's so drilling-intensive which is expensive. All mineral exploration is risky though, riskiest business there is. But we mitigate that risk with good science and good geology. Experience and nerve is important too. You have to believe in your model, drill often and drill deep. If you miss, but your indicators are there, you have to trust your model and keep drilling, it's the only way. If you're not prepared to do that, you're in the wrong business.

Q: *Why is targeting high-grade so important?*

DM: Silver mining can be a pretty marginal business. If high silver prices aren't maintained, many projects being developed become uneconomic. With the price of silver off so sharply lately, we're seeing a lot of that today. Grade helps mitigate the effects of fluctuations in silver prices and also helps counter increasing mining costs.

Q: *Where do you think the price of silver is heading?*

DM: Well, I don't know and that's the point. I'm a geologist, not a speculator. And because our target is high-grade, we don't have to speculate. Our resource is so high-grade – in fact, many times the industry average – that it will be mined at a profit no matter what price silver. **That's the beauty of high-grade and why our guiding business principle remains: "Grade is King".**

MAG SILVER:

SOLID VALUE FOR THE STRATEGIC SILVER INVESTOR

- **Juanicipio:** Valdecañas Vein world-class mineral resource; remains open and growing
- **Fresnillo plc:** World's largest silver miner, world-class development partner
- **Fresnillo Trend:** MAG is the second largest landholder in the world's richest silver district
- **Cinco de Mayo:** Significant new silver lead zinc discovery 100% owned
- **Dominant Landholder:** MAG owns over 100 miles in Mexican Silver Belt
- **Cash Position:** \$58 million
- **Management:** Proven mine finders/developers



Mineral Resource Announcement: JUNE 18, 2008

Vancouver, B.C... **MAG Silver Corp.** announces a resource estimate from the Juanicipio Joint Venture located in Zacatecas State, Mexico. The operator of the Joint Venture, Fresnillo plc ("Fresnillo"), has informed and provided MAG with a resource estimate for the Valdecañas Vein as presented below. MAG and Fresnillo operate the project at Juanicipio through their joint venture company, Minera Juanicipio S.A. DE C.V. ("M. Juanicipio"). MAG holds a 44% interest in the Juanicipio Joint Venture. The total inferred resource estimate is 237.8 million ounces of silver of which MAG's 44% interest equates to 104.5 million ounces and Fresnillo's 56% interest equates to 133.2 million ounces. In addition to the silver, the resource estimate also contains inferred resources of 480,000 ounces of gold and almost 1 billion pounds of combined lead and zinc (457,700 tonnes).

CINCO DE MAYO:

Large CRD System Being Defined

Cinco de Mayo is a 5,000 hectare Carbonate Replacement Deposit ("CRD") alluvium-covered prospect located in north-central Chihuahua, identified by drilling in late 2007.

CRDs represent approximately 40% of Mexico's 10-billion ounce historic silver production and are characterized by massive to semi-massive silver-lead-zinc sulphide intrusions which replace the carbonate host rocks (limestone). CRDs make attractive targets because of their potential for large tonnage and high grade, as well as substantial base metal credits.

Drill results at Cinco have defined a coherent massive sulphide sheet ("manto") with a strike length of least 2,000 metres which remains open along strike and to the southwest; returns are notable for high grades of zinc and lead, along with the high-grade silver. Latest results also show significant gold values. Hole 08-48 reported 1.50 metres of 6.89 g/t (0.20 opt) gold, 370 g/t (10.8 opt) silver, 19.15% lead and 9.46% zinc. The latest holes contain scheelite (tungsten)-bearing skarn, suggesting we are homing in on the source of the mineralization.

The continued strong grades and substantial widths suggest the presence of a large CRD system at Cinco; drilling continues.

MAG SILVER:

Leading Landowner in Mexican Silver Belt

With over 100 square miles, MAG is a dominant landowner in the Mexican Silver Belt. Our portfolio consists of two types of targets: The epithermal vein systems (Junicipio, Lagartos, Batopilas, Lorena) and the CRD (Carbonate Replacement Deposits) prospects (Cinco de Mayo, Guigui, Sierra Ramirez).

Through our successful modeling of both the epithermal vein systems of the Fresnillo Silver Trend and the CRDs of the Chihuahua Trough, MAG is a leader in the application of modern geoscience for the discovery and development of the next generation of mines in the venerable Mexican Silver Belt.

Mineral Resource Statement, Valdecañas Silver Deposit (100%)*

Resource	Tonnes (M)	g/t Au	g/tAg	Lead %	Zinc %	Gold Ounces (M)	Silver Ounces (M)	Lead Tonnes (000s)	Zinc Tonnes (000s)
Inferred	7.3	2.06	1011	2.31	3.94	0.48	237.8	169.2	288.5

Notes:

- (1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures rounded to reflect the relative accuracy of the estimates.
- (2) Reported at a cut-off of 4.0 grams per tonne (g/t) gold equivalent using metal prices as follows: Gold \$562/oz, Silver \$10.40/oz, Lead \$0.68/lb, Zinc \$ 1.16/lb.
- (3) Valdecañas resources reported in table above are attributable resources reflecting M. Juanicipio's 100% ownership of the Juanicipio Joint Venture. MAG holds a 44% interest in M. Juanicipio.

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SHARE CAPITALIZATION

Issued & outstanding: 49,155,566
Options: 3,270,095
Warrants: Nil

SHARE LISTING

TSX: MAG • AMEX: MVG

*Resource Disclaimer

*Inferred and indicated Resources are reported herein. The US Securities and Exchange Commission does not recognize the reporting of Indicated and Inferred Resources. These resources are reported under Canadian National Instrument 43-101 and have a great amount of uncertainty and risk as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of Indicated and Inferred Resources will ever be upgraded to a higher category. Under Canadian Rules estimates of Indicated and Inferred Mineral Resources may not form the sole basis of feasibility studies or pre-feasibility studies. **US INVESTORS AND ALL INVESTORS ARE CAUTIONED NOT TO ASSUME THAT PART OR ALL OF AN INFERRED RESOURCE EXISTS, OR ARE ECONOMICALLY OR LEGALLY MINEABLE.** We advise US investors and all investors that while the term "Inferred" and "indicated" resources is recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize these. **U.S. INVESTORS AND ALL INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ANY PART OF OR ALL OF MINERAL DEPOSITS IN THESE CATEGORIES WILL EVER BE CONVERTED INTO RESERVES. U.S. investors are urged to consider closely the disclosure in our Form 20-F which may be secured from us, or from the SEC's website at: <http://sec.gov/edgar.shtml>.***

Resources refer to the independent resource estimates of SRK (Canada) Consulting under the supervision of Dr. Jean-François Couture QP, contained in a Press Release June 18, 2008 and Technical Report to be filed. Please see the risk factors and other information in the Disclaimer Statement contained in the full length press release of June 18, 2008, posted on the MAG Silver website. The determination of grade, cut-off, metallurgical recovery factors, assay quality control and assurance, data verification and metal price assumptions are detailed in the press release disclosure. All of these factors are preliminary and have considerable risk.

FAQ Brochure



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