MAG SILVER CORP.

(An exploration stage company)

Management Discussion & Analysis
For the period ended
March 31, 2009

Dated: May 15, 2009

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

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Management Discussion & Analysis
For the period ended March 31, 2009

MAG Silver Corp. (“we”, “MAG” or the “Company”) is a company focused on the acquisition, exploration and development of district scale projects located in the Mexican silver belt. We are based in Vancouver, British Columbia, Canada. Our common shares trade on the Toronto Stock Exchange under the symbol MAG and on the NYSE Amex under the symbol MVG. The Company is a “reporting issuer” in the Provinces of British Columbia, Alberta and Ontario.

The following management discussion and analysis (“MD&A”) of MAG focuses on the financial condition and results of operations of the Company for the three months ended March 31, 2009 and 2008. It is prepared as of May 15, 2009 and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2009, together with the notes thereto. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The global economic environment has been uncertain since mid-year 2008. Lower commodity prices, currency fluctuations, banking and institutional failures, restricted credit availability and a general reduction in the availability of equity financing create a more uncertain environment for the Company’s securities. The Company remains financially strong and will monitor the risks and opportunities of the current environment carefully. Other risks and uncertainties faced by the Company are listed under “Risks and Uncertainties” below and under “Risk Factors” in the Company’s Annual Information Form (“AIF”).

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

Except for historical information contained in this MD&A, the following disclosures are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 or are future oriented financial information and as such are based on an assumed set of economic conditions and courses of action. These may include estimates of future production levels, expectations regarding mine production and development programs and capital costs, expected trends in mineral prices and statements that describe future plans, objectives or goals. There is significant risk that actual results will vary, perhaps materially, from results projected depending on such factors as discussed under “Risks and Uncertainties” in this MD&A and other risk factors and forward-looking statements listed in the Company’s AIF. More information about the Company including its AIF and recent financial reports are available on SEDAR at www.sedar.com and on SEC’s IDEA website at http://idea.sec.gov.

Unless otherwise specifically noted herein, all scientific or technical information in this MD&A, including resource estimates was based upon information prepared by or under the supervision of Dr. Peter Megaw, Ph.D., C.P.G., a certified professional geologist who is a “Qualified Person” for purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“National Instrument 43-101”).

Cautionary Note to Investors Concerning Estimates of Indicated Resources

This MD&A uses the term "Indicated Resources". MAG advises investors that although this term is recognized and required by Canadian regulations (under National Instrument 43-101), the U.S. Securities and Exchange Commission does not recognize this term. **Investors are cautioned not to assume that any part or all of mineral deposits in this category will ever be converted into reserves.**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This MD&A uses the term "Inferred Resources". MAG advises investors that although this term is recognized and required by Canadian regulations (under National Instrument 43-101), the U.S. Securities and Exchange Commission does not recognize this term. Investors are cautioned not to assume that any part or all of the mineral deposits in this category will ever be converted into reserves. In addition, "Inferred Resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of

Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessment as defined under Canadian National Instrument 43-101. **Investors are cautioned not to assume that part or all of an Inferred Resource exists, or is economically or legally mineable.**

FINANCIAL PERFORMANCE

At March 31, 2009, the Company had cash and cash equivalents on hand of $43,900,160 versus $69,812,325 for the period ended March 31, 2008. The Company's cash and cash equivalents are largely due to a financing completed late in 2007 and warrant exercises completed early in 2008. On November 27, 2007, the Company closed a bought deal private placement of 3.0 million common shares of the Company at a price of $15.50 per share for gross proceeds of $46.5 million. In February 2008 all outstanding warrants were exercised for gross proceeds of $11.37 million.

After deducting interest earned for the period ended March 31, 2009 of $138,725 compared to interest earned of $659,169 for the period ended March 31, 2008, the loss for the period ended March 31, 2009 was $5,300,482 compared to a loss for the same period in 2008 of $2,789,137.

The first quarter loss includes a mineral property write-off of $3,150,255 (2008: $1,169,411) and $49,846 (2008: $1,446,300) as a non-cash charge for stock compensation expense. During the period ended March 31, 2009 the Company wrote off carrying costs of $3,150,255 in respect of Sierra Ramirez property as exploration results to date do not support the capitalised value of this property. The Company has not abandoned the property and further exploration work will be undertaken. Excluding the mineral property write-off and stock compensation expenses, the net loss for during the period would be $1,961,656 (2008: $173,426).

Stock compensation expense is one of the Company's largest administration expenses. The fair value of all stock-based compensation for the Company is estimated using the Black-Scholes-Merton option valuation model and is recorded in operations or capitalized against properties over the vesting period of the options. This option pricing model uses various data inputs such as: if dividends are paid, the weighted average volatility of the Company's shares price, an annual risk-free interest rate, an expected term of the option, as well as the market price of the Company's shares.

General and administrative expenses for the period ended March 31, 2009, not including mineral property write-offs or stock compensation expenses, amounted to $2,100,381 compared to $832,595 in the same period of 2008. Increases occurred in audit and accounting fees (2009: $93,959 versus 2008: $44,675) due to regulatory compliance work in Canada, the United States and Mexico and as a result of management's decision to implement quarterly review engagements by the Company's auditors. There was a foreign exchange loss in the quarter (2009: $109,069 versus a gain in 2008: ($63,206)) due to volatile currency fluctuations Filing and transfer agent fees decreased in the period (2009: $105,453 versus 2008: $126,357) generally as a result of decreased equity issues. General office expenses amounted to $347,064 for the period ended March 31, 2009 (2008: $170,770) including costs for the Annual General and Special meeting held in March, 2009 of $218,684 (2008: $67,823), of which $203,859 was for proxy solicitation services (2008 – nil). Legal fees increased for the quarter (2009: $625,473 versus 2008: $71,100) due to the Company's efforts to deal with Fresnillo's intended hostile bid for 100% ownership of the Company. Management and consulting fees increased during the period to $499,107 (2008: $368,838) due to the hiring of additional staff and increased non-executive directors fees due to more frequent meetings and the establishment of two new committees (Special Committee and Independent Committee) in response to Fresnillo's announcement of their intention to launch an unsolicited takeover bid for the Company. Shareholder relations costs were higher for the period (2009: $233,077 versus 2008: $79,282) due to communication efforts regarding the intended hostile bid by Fresnillo, including $41,117 (2008: nil) for professional public relations services. Travel costs increased for the quarter (2009: $87,179 versus 2008: $34,777) for travel to Mexico related to both the valuation process for Fresnillo's intended hostile bid and an increased number of technical and corporate meetings related to Minera Juanicipio.

During the period ended December 31, 2008, the Company entered into new or amended employment agreements with three officers, one of who is a director as well, and three key employees. These new or amended agreements include change of control provisions. Should a change of control of the Company occur before June 30, 2009, the change of control compensation for these six employees would amount to an aggregate of approximately $1.526 million. During the year ended December 31, 2008 and the period ended March 31, 2009 the Company entered into retention agreements with six non-executive directors of the Company. These agreements include change of control provisions. Should a change of control of the Company occur before June 30, 2009, the change of control compensation for these six directors would amount to an aggregate of approximately $206,000.

Other smaller items account for the balance of general and administrative costs for the period. The Company occupies office space and receives administrative services on a contract basis.

SUMMARY OF QUARTERLY RESULTS

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

Quarter Ending	Revenue[(1)]	Net Loss[(2)]	Net Loss per share
March 31, 2009	$138,725	$(5,161,757)	$(0.10)
December 31, 2008	$313,847	$(1,610,743)	$(0.04)
September 30, 2008	$446,078	$(381,128)	$(0.01)
June 30, 2008	$545,586	$(1,091,881)	$(0.02)
March 31, 2008	$659,169	$(2,789,137)	$(0.05)
December 31, 2007	$387,939	$(3,364,017)	$(0.07)
September 30, 2007	$211,108	$(351,375)	$(0.01)
June 30, 2007	$200,002	$(2,181,524)	$(0.05)

Notes:

(1) The Company's primary source of revenue during the quarters listed above was interest revenue from GIC's held by the Company. The amount of interest revenue earned correlates directly to the amount of cash on hand during the period referenced.

(2) Net losses by quarter are often materially affected by the timing and recognition of large non-cash expenses or write-offs. When adjusting these non-cash charges the results for the quarters listed show a more consistent trend, with a general growth in expenses over time that is consistent with the Company's increased exploration and corporate activities over the periods as described above at "Financial Performance".

REVIEW OF OPERATION AND PROJECTS

During the period ended March 31, 2009, the Company incurred $839,490 in property acquisition costs (2008: $91,721). Exploration expenditures for the same period amounted to $7,259,896 (2008: $2,594,765). The increase in exploration expenditures in the first quarter was due to an accelerated 2009 exploration program designed to maximize shareholder value through aggressive drilling and advancement of MAG's 100%-owned properties. Drilling on these properties (Cinco de Mayo, Salamex, Sierra Ramirez, Lagartos SE and Nuevo Mundo) totaled 38,292 metres. A further 5,405 metres of drilling was conducted on the Juanicipio property by project operator Fresnillo plc and the Company's share of these costs was funded through its 44% interest in Minera Juanicipio (See details below).

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

Juanicipio Property

MAG Silver is a 44% partner with Fresnillo plc (56%) in Minera Juanicipio S.A. DE C.V., the joint venture company that owns and operates the Juanicipio property located in the Fresnillo District, Zacatecas State, Mexico. Since MAG's mineral discovery there in 2003, the Juanicipio property has been advanced by the joint venture partners into a significant silver deposit comprising three principal veins named the Valdecañas, Juanicipio and Encino. The property also has demonstrated potential for further vein discoveries.

As part of a 25,000 metre drill program budgeted for 2009, a total 5,405 metres of diamond drilling in 15 holes was completed during the quarter. Four drills were turning on the property throughout the period. Two rigs drilling on the Valdecañas Vein continued to return high grades across strong widths and the close spacing contributed results to a first indicated resource estimate reported later in the quarter. One drill was dedicated to the Juanicipio Vein, our original discovery one kilometre south of Valdecañas, with the focus on testing for intersections below and west of earlier high grade intercepts. The fourth drill began testing the newly discovered Encino Vein, a north-dipping vein 200 metres above the south dipping Valdecañas.

The Encino discovery resulted from a reinterpretation in late 2008 of a previously reported drill intercept thought to be a down-dip extension of Valdecañas which later drilling indicated was rather a separate, opposite-dipping vein. This high grade silver (1.84 kg/t) and gold (4.43 g/t) intersection suggests the new Encino Vein, which is open along strike in both directions, has substantial promise. The intercept of the Encino Vein with the Valdecañas Vein also represents an excellent target. A total 8,000 metres is planned for 2009 to test and assess this new interpretation.

First returns from the Juanicipio Vein drilling were reported in February 2009. One intercept from Hole 20P grading 4.95 g/t gold and 115 g/t silver across 1.2 metres demonstrated the more prominent gold mineralization characteristic of the new emerging Fresnillo II district (of which the Juanicipio Joint Venture is an important part) compared with the generally lower gold grades of the historic Fresnillo producing district. Hole 20P is the fourth to intersect the Juanicipio Vein westward along a 600-metre strike length which remains open in all directions. The 2009 program calls for a total 5,000 metres of drilling to test the Juanicipio Vein.

Highlights from drilling on the Valdecañas Vein during the quarter included a high-grade intercept from Hole PD which returned 2.72 metres true width of 1,578 g/t silver, 5.65 g/t gold, 5.94% lead and 6.67% zinc. Holes reported up to the period end continued to demonstrate continuity of the Bonanza Zone.

An updated National Instrument 43-101 compliant resource estimate was completed in March 2009 by Scott Wilson Roscoe Postle Associates Inc. (the "Updated Resource Estimate"). The Updated Resource Estimate confirms Valdecañas as a world class deposit, with the first Indicated Resource for the Valdecañas Vein (including the Hanging Wall Vein) of 2.95 million tonnes of 879 grams per tonne (g/t) silver, 2.22 g/t gold, 2.39% lead and 4.15% zinc. The Inferred Resource (Valdecañas, Footwall and Hanging Wall Veins and the Stockwork Zone) reports 7.21 million tonnes of 458 grams g/t silver, 1.54 g/t gold, 1.89% lead and 3.14% zinc.

The total contained metals on a 100% project basis in the Indicated Resource are 83 million ounces of silver, 210,000 ounces of gold and 155 million pounds of lead and 269 million pounds of zinc. The Inferred Resources contain an additional 106 million ounces of silver, 356,000 ounces of gold and 301 million pounds of lead and 498 million pounds of zinc.

A description of the methodology used for the Updated Resource Estimate and full details thereof can be found in the Company's press releases dated February 24, 2009 and March 4, 2009, both of which are available on SEDAR at www.sedar.com and on the SEC's IDEA website at http://idea.sec.gov.

Qualified Person

The updated mineral resources for the Juanicipio Joint Venture disclosed in the discussion above have been estimated by Dr. William Roscoe, P.Eng and Mr. David Ross, P.Geo., both employees of Scott Wilson RPA and independent of MAG. By virtue of their education and relevant experience Dr. Roscoe and Mr. Ross are "Qualified Persons" for the purpose of National Instrument 43-101. The mineral resources have been classified in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves (December 2005). Dr. Roscoe, P.Eng., and Mr. Ross, P.Geo. have read and approved the contents of this MD&A as it pertains to the March 2009 mineral resource estimate by Scott Wilson Roscoe Postle Associates Inc. A National Instrument 43-101 technical report documenting the mineral resource estimate will be filed on SEDAR before April 10, 2009.

On December 1, 2008, the Company was advised of the intention of Fresbal Investments Ltd., a subsidiary of its joint venture partner, Fresnillo plc, to make an unsolicited take-over bid for all of the Company's outstanding common shares not currently held by Fresnillo and its affiliates at an offer price of US$4.54 cash per share. Fresnillo, an insider by virtue of its approximately 19.8% interest in the Company, triggered the requirement for a formal valuation by an independent valuator under the supervision of an independent committee of the Company's board of directors. On February 1, 2009 the Company announced that the valuation had been suspended after the independent committee determined that a proper valuation could not be completed without critical information which is in the sole possession or control of Fresnillo and which Fresnillo has refused or neglected to provide to the Company or the valuator. This information relates to Fresnillo's publicly disclosed plans to develop the Juanicipio joint venture property, owned jointly by the Company (44%) and Fresnillo (56%), as part of its Fresnillo II regional mine development plan.

On May 8, 2009 the Company announced that it has delivered a formal application for a hearing before the Ontario Securities Commission to compel Fresnillo to produce the critical information required to complete the valuation. The Company has also asked the Ontario Securities Commission to enjoin Fresnillo from proceeding with its announced "take-under" bid if Fresnillo refuses to comply with any document production order so as to finally put an end to this take-over bid threat that has persisted since December 2008

On May 8, 2009 the Company also announced that it had filed a formal request for arbitration with the International Court of Arbitration of the International Chamber of Commerce. The Company is seeking urgent relief on the grounds that Fresnillo is attempting to acquire control of the Company on a hostile basis in breach of the standstill provisions contained in the shareholders agreement governing the Juanicipio joint venture. The Company is also seeking relief in relation to other alleged violations by Fresnillo as operator under the shareholders agreement.

The Company has advanced Minera Juanicipio a cumulative cash total of $8,215,779 for its 44% of acquisition and exploration costs to March 31, 2009 (2008 - $6,423,313). None of these costs or advances discussed herein takes into account subsequent currency translation adjustments.

Cinco de Mayo Property

The Cinco de Mayo property comprises 22,000 hectares located approximately 190 kilometres north of the city of Chihuahua, in northern Chihuahua Sate, Mexico. Cinco de Mayo is the most advanced of MAG’s five Carbonate Replacement Deposit (“CRD”) style targets.

To date, March 31, 2009, the Company has drilled a cumulative 72,000 metres on the property, in 108 holes, and outlined high grade silver/lead/zinc mineralization along approximately 2,000 metres of strike length which remains open. Results to date have been encouraging but have not delineated a potential economic tonnage of mineralized material.

Drilling at Cinco de Mayo during the first quarter totalled 16,125 metres in 22 holes focusing mainly on geological targets generated by 3-D modeling of the Jose Manto and. geophysical targets generated from preliminary results of previous aerial magnetic (VTEM) surveys totalling 2,300 line kilometres. The airborne program was designed to overfly surveys from 2006 to confirm previous results, locate the intrusive source of the Jose Manto, and identify new targets for drilling. Several trends of electromagnetic anomalies are being evaluated and interpreted for future drill targets.

Drilling at Cinco de Mayo continues to intersect trace to strong mineralization in nearly all holes and it is anticipated that additional refined drill targeting will come from detailed processing of drilling data and results from the 2009 VTEM survey. Pending results from the drilling of the new geophysical targets, activity has been reduced from three rigs to two. The drilling and geophysical work is part of a $4.0 million budget for exploration work at Cinco de Mayo in 2009.

The Company incurred $3,007,539 in exploration costs at Cinco de Mayo in the first quarter of 2009 (2008: $962,878), and a cumulative total of $13,780,575 to March 31, 2009.

Lagartos Land Package

The Company owns a 135,000 hectare land package called Lagartos flanking the Juanicipio property. Two claim groups, Lagartos NW and Lagartos SE, northwest and southeast of the Juanicipio Joint Venture, lay along the "Fresnillo Silver Trend", a large regional structural zone hosting the world class Guanajuato, Zacatecas and Fresnillo epithermal silver-gold vein districts.

Exploration during the first quarter focused on the Lagartos SE claim group which saw extensive diamond drilling; a total 10,923 metres in 23 holes. The drilling focused on testing the northwest and southeast extensions of the major Vetagrande vein system, which on MAG property exists under alluvial cover. Drilling showed that to the northwest the alluvium is more than 200 metres deep and thus that area is not a practical target; results from the southeast, where the alluvium is less than 75 metres deep, and a multi-metre wide silicified quartz-veined was cut, were more promising. Assay results from the southeastern (Las Majadas-Pajarito Hill) drilling are pending. Meantime the resumption of drilling on this land package awaits pending receipt of results, surface access permission and further claim acquisitions.

The Company incurred $1,819,548 in exploration costs on Lagartos in the first quarter of 2009 (2008: $394,378), and a cumulative total of $8,354,938 to March 31, 2009 in exploration costs. The Company's budgeted exploration programs at Lagartos for 2009 are approximately $1,300,000.

Sierra de Ramirez Property

Sierra Ramirez is another large 100%-owned CRD prospect (65 square kilometres) within the Sierra Ramirez District in eastern Durango State, approximately 80 kilometres west of the famous Providencia-Concepcion del Oro, Zacatecas District. Historically, this district has produced high-grade silver ores (1-3 kg/t) from Spanish colonial times to the 1960s.

Work to date since 2004 has included district-scale mapping and sampling, magnetic and electromagnetic surveying, and structural and geological mapping. Two drills were active on the property during the first quarter; a total 5,966 metres drilled in 10 holes.

Drill targets were possible continuations of known mined out bodies, but the continuations or feeders for the system were not encountered in the drilling. Overall zoning indicates that the system was fed from the south in an area covered by alluvium. Two holes were drilled to test limestone to depth under the alluvium and both hit limestone less than 80 metres below surface and both reported strongly anomalous results from the favourable host limestones. Limited follow up drilling is being completed with one rig.

Based on results received after the quarter ended March 31, 2009 it was decided that the exploration results to date do not support the capitalised value of this property. Effective at March 31, 2009 the Company wrote down deferred acquisition and exploration costs of $3,150,255 relating to the Sierra Ramirez property. The Company has not abandoned the property and further exploration work will be undertaken.

The Company incurred $1,195,276 in exploration costs on Sierra Ramirez in the first quarter of 2009 (2008: $49,570), and a cumulative total of $1,760,547 to March 31, 2009.

Salemex Property

The Salemex property comprises three claim blocks optioned in June and November of 2008 covering 8,663 hectares in the state of Chihuahua. A Vein and CRD prospect, Salemex is located , approximately 30 kilometres north of Santa Eulalia Mining District, the world's leading CRD producer.

Drilling was conducted throughout the first quarter; a total 4,134 metres in four holes. About four kilometres of strike length of vein outcrop was tested and returned lead-zinc dominant intercepts, with silver values being high in one hole. After these four holes, four more holes were drilled into skarn and additional sulfide mineralization. Assays are pending for the last two holes.

These first drilling results suggest that the bulk of the high-grade zone has been eroded away and that the system continues under alluvium to the south, with progressively higher levels of exposure in that direction. Any future efforts will be focused there. For now, exploration at Salemex has been curtailed.

The Company incurred $784,876 in exploration costs on Salemex in the first quarter of 2009 (2008: $nil), and a cumulative total of $1,249,401 to March 31, 2009. Budgeted exploration programs for 2009 at Salemex are approximately $885,000.

Nuevo Mundo Property

The Nuevo Mundo property is in eastern Zacatecas State and geologically located along the structural trend known to host many CRDs and all of the Company's CRD projects (Sierra Ramirez, Guigui and Cinco de Mayo). It is also not far from Goldcorp's Peñasquito mine and ties onto the eastern boundary of the Camino Rojo gold discovery of Canplats Resources.

First drill testing of the property was conducted during the first quarter of 2009; a total 1,144 metres in four holes. Initial work located two prominent gossan veins with strong mercury anomalies in outcrop, which were drill tested to a relatively shallow depth. None of the holes encountered significant mineralization or mercury. Additional exploration for Camino Rojo-style mineralization will require substantial field geological and sampling work before any additional drilling is undertaken.

The Company incurred $302,918 in exploration costs on Nuevo Mundo in the first quarter period (2008: $nil), and a cumulative total of $386,639 to March 31, 2009.

Other Properties

MAG Silver wholly owns four other properties which remain in good standing but did not receive any exploration work in the first quarter.

Batopilas
The Company has incurred cumulatively $4,797,597 in exploration costs and $1,422,672 in acquisition costs on this 4,800 hectare property in the historic Batopilas native silver mining district in Chihuahua. The Company has budgeted a $200,000 exploration programs at Batopilas for 2009.

La Lorena
The La Lorena property is located just north of the Guanajuato Silver Mining District within the Fresnillo Silver Trend and was identified from field work as a Juanicipio look-alike and staked in early 2008. The Company's budgeted exploration programs at La Lorena for 2009 are approximately $140,000.

Guigui
The Guigui project is a 4,500-hectare property in the Santa Eulalia Mining District, home to the world's largest CRD camp. The Company has incurred $1,462,929 in exploration costs and $1,571,172 in acquisition costs to date. The Company's budgeted exploration programs at Guigui for 2009 are approximately $135,000.

Camino Duro

This 19,760 hectare property in Zacatecas, approximately 80 kilometres north of Juanicipio, was acquired in July 2008 and has received only limited exploration work to date.

OUTLOOK

The Company continues to explore its properties in Mexico and the Company’s working capital position remains strong. Given the intended takeover bid announced by Fresnillo plc in December 2008, the Company pursued an aggressive exploration program in the first quarter of 2009 in an effort to establish as much value as possible in the Company’s non-Juanicipio land package. Many results and analysis remain outstanding and assessment of the work complete to date is ongoing. Exploration in the second quarter and onward will be slowed down to a normalized pace so that analysis and assessment work can be brought up to date.

The Company has assessed the carrying values of its mineral properties as a result of current market conditions. Based on current and expected metals prices and cost structures management has determined that the carrying value of the Company’s mineral properties at period end have not been impaired. Management reviews the deferred acquisition and exploration costs of its mineral properties regularly. In the event that market conditions and/or exploration results indicate that the carrying value of a mineral property likely exceeds its value in trade or its possible commercial mineral value, an impairment of that mineral property may be required.

In January 2009, Fresnillo and MAG approved a 2009 exploration program based on the recommendation of Minera Juanicipio’s Technical Committee totaling US $4.0 million and an engineering budget of US $500,000 for Minera Juanicipio. To May 15, 2009, the Company has advanced a historical total of approximately US $8.2 million to Minera Juanicipio.

MAG has approved an exploration budget of approximately $17.5 million for 2009. Of this amount, $1.908 million was allotted for the Company’s 44% share of Minera Juanicipio’s 2009 exploration budget. A further $ 2.64 million was budgeted for the Company’s share of possible development work at Juanicipio. A budget of US$4.0 million for exploration plus US$500,000 for preliminary engineering work was later approved by Minera Juanicipio in January 2009. The balance of approximately $13.5 million is earmarked for ten MAG-owned properties in Mexico and general administration and overhead. Planned 2009 expenditures include the diamond drilling of almost 30,000 metres of core on five separate properties, air and ground based geophysical surveys, trenching, road building, mapping, sampling, geological modeling, surface rights acquisitions, taxes and land payments and overhead costs. Diamond drilling will continue on the "José Manto" at Cinco de Mayo where MAG is outlining a new and potentially significant sulphide silver/lead/zinc carbonate replacement discovery. Drilling is complete, underway or planned for 2009 at Sierra Ramirez/El Pavo, Lagartos SE and Salemex. Drilling at Juanicipio by operator Fresnillo plc is expected to continue at roughly the same level in 2009 as it did in 2008 at approximately 25,000 metres. Presently, MAG has two drills operating at Cinco de Mayo and one drill at Lagartos SE and one drill at Sierra Ramirez. At Juanicipio, four drills in total are operating.

OUTSTANDING SHARE DATA

The Company’s authorized capital consists of an unlimited number of common shares without par value. As at May 15, 2009, the following common shares and stock options were outstanding:

	Number of Shares	Exercise Price ($)	Remaining Life (mos/years)
Capital Stock	49,248,566		
Stock Options	3,543,932	$1.06 - $14.70	12 mos to 5 years
Diluted	52,792,498		

LIQUIDITY AND CAPITAL RESOURCES

At May 15, 2009 the Company had 49,248,566 issued and outstanding common shares. At March 31, 2009 the Company had 49,210,566 common shares issued and outstanding (2008 - 48,545,566 common shares). The Company issued a total of 55,000 common shares during the three month period ended March 31, 2009 for cash proceeds of $153,800 (2008: 1,591,370 for cash proceeds of $12,343,255). In the three months ended March 31, 2009 there were no shares (2008 – Nil) issued for mineral properties. The Company's primary source of capital has been from the sale of equity. At March 31, 2009 the Company had cash and cash equivalents on hand of $43,900,160 (2008: $69,812,325). The primary use of cash during the period was for mineral property acquisition and exploration expenditures of $5,099,386 (2008: $1,525,486), management and consulting fees of $499,107 (2008: $368,838), other general and administrative expenses of $1,601,274 (2008: $463,757) and investment in the Juanicipio Joint Venture of $37,484 (2008: $474,952). The Company makes cash deposits to Minera Juanicipio from time to time as cash called by operator Fresnillo plc. In the first quarter no such cash call was issued as Minera Juanicipio had sufficient operating funds on hand to conduct its intended programs. The Company had $43,348,299 in working capital as at March 31, 2009 compared to $69,348,549 at March 31, 2008.

Current liabilities of the Company at March 31, 2009 amounted to $4,096,476 (2008: $1,783,026), mostly attributable to accrued exploration (drilling) expenses.

The Company currently has sufficient working capital to maintain all of its properties and planned programs for a period in excess of two years. In management's opinion, the Company is able to meet its ongoing current obligations as they become due. Based on exploration results, the Company will select only certain properties to complete option and purchase arrangements on. The Company expects to raise equity capital as it is needed. However, there is no assurance that additional funding will be available to the Company and it may again become dependent upon the efforts and resources of its directors and officers for future working capital. Management refers the reader to Notes 9 and 10 of the annual financial statements for the year ended December 31, 2008.

In the normal course of business, the Company enters into transactions for the purchase of supplies and services denominated in Mexican Pesos. The Company also has cash and certain liabilities denominated in United States dollars. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates.

Other Items

The Company is unaware of any undisclosed liabilities or legal actions against the Company and the Company has no legal actions or cause against any third party at this time other than as follows.

In November 2008, the Company notified Fresnillo of various concerns arising under the Shareholders Agreement dated October 10, 2005 which governs the Minera Juanicipio joint venture (the "Shareholders Agreement"). One such concern is that Fresnillo is attempting to acquire control of the Company on an unsolicited basis in breach of the provisions of the Shareholders Agreement. MAG has now triggered the dispute resolution provisions of the Shareholders Agreement with the result that, if matters are not resolved with Fresnillo, the disputes are expected to be referred to arbitration.

On May 8, 2009 the Company announced that it has delivered a formal application for a hearing before the Ontario Securities Commission to compel Fresnillo to produce the critical information required to complete the valuation. The Company has also asked the Ontario Securities Commission to enjoin Fresnillo from proceeding with its announced "take-under" bid if Fresnillo refuses to comply with any document production order so as to finally put an end to this take-over bid threat that has persisted since December 2008.

On May 8, 2009 the Company also announced that it had filed a formal request for arbitration with the International Court of Arbitration of the International Chamber of Commerce. The Company is seeking urgent relief on the grounds that Fresnillo is attempting to acquire control of the Company on a hostile basis in breach of the standstill provisions contained in the shareholders agreement governing the Juanicipio joint venture. The Company is also seeking relief in relation to other alleged violations by Fresnillo as operator under the shareholders agreement.
The Company is unaware of any condition of default under any debt, regulatory, exchange related or other contractual obligation.

ADDITIONAL DISCLOSURE

Trend Information

Other than the obligations under the Company's property option agreements, there are no demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The 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 March 31, 2010.

The scale and scope of the Juanicipio project could require development capital in the years ahead exceeding the Company's on hand cash resources. It is unlikely that the Company will generate sufficient operating cash flow to meet these ongoing obligations in the foreseeable future. Accordingly the Company may need to raise additional capital by issuance of equity in the future. At this time the Company has no plan or intention to issue any equity or any debt in order to raise capital.

RISKS AND UNCERTAINTIES

The Company's securities should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in the Company's Canadian and U.S. regulatory filings prior to making an investment in the Company, including the risk factors discussed under the heading "Risk Factors" in the Company's annual information form available on SEDAR at www.sedar.com and http://idea.sec.gov/idea.

The global economic environment has been uncertain since mid-year 2008. Lower commodity prices, currency fluctuations, banking and institutional failures, restricted credit availability and a general reduction in the availability of equity financing create a more uncertain environment for the Company's securities. The Company remains financially strong and will monitor the risks and opportunities of the current environment carefully. These macro-economic events have negatively affected the mining and minerals sectors in general. The Company's market capitalization has been significantly reduced. Although these circumstances may improve over the longer term, the short term impact upon the Company's liquidity and its ability to raise the capital required to execute its business plans going forward will be negative. As a result the Company will consider its business plans and options carefully going forward into 2009. Other risks and uncertainties faced by the Company are listed under "Risks and Uncertainties" above and under "Risk Factors" in the Company's Annual Information Form ("AIF"). The Company's intends to preserve its cash balances where possible.

At March 31, 2009, the Company had a receivable of $3,112,671 from the Mexican government for value added tax ("IVA"). Although full recovery is expected by management, recoveries to date have been intermittent. The Company has discussed its outstanding IVA receivables with the Mexican authorities and there is no reason to believe these amounts will not be received.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company paid or accrued non-executive directors fees of $159,167 during the period ended March 31, 2009 (2008 - $20,500).

The Company is party to a Field Services Agreement, whereby it has contracted exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("Imdex"). As of January 2006, these companies have a common director with the Company. During the period ended March 31, 2009, the Company accrued or paid Cascabel and Imdex consulting, administration and travel fees totaling $92,895 (2008 - $24,432) and exploration costs totaling $1,005,590 (2008 - $413,832) under the Field Services Agreement.

During the year ended December 31, 2003, the Company entered into an office services agreement with Platinum Group Metals Ltd., a company with two common directors and common officer. During the period ended March 31, 2009, the Company accrued or paid Platinum Group Metals Ltd. $34,419 under the office service agreement (2008 - $33,670).

During the year ended December 31, 2007, the Company entered into a new two year office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a common director. During the period ended March 31, 2009, the Company accrued or paid Anthem $22,078 under the office lease agreement (2008 - $20,272).

These transactions were incurred in the normal course of business and are measured at the exchange amount which was the consideration established and agreed to by the noted parties.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting policies are set out in the Annual Management Discussion and Analysis for the year ended December 31, 2008.

CHANGES IN ACCOUNTING POLICIES

The Company's changes in accounting policies are set out in Note 2 of the unaudited Consolidated Interim Financial Statements for the quarter ended March 31, 2009.

CORPORATE GOVERNANCE

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to Multilateral Instrument 52-109 is recorded, processed, summarized and reported in the manner specified by the relevant securities laws applicable to the Company. The consolidated Company operates in both Canada and Mexico and work is ongoing to improve and modernize these controls and to ensure that they remain consistently applied in both jurisdictions. The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's disclosure control procedures as of December 31, 2007 and December 31, 2008 and quarterly during 2008 through inquiry, review, and testing, as well as by drawing upon their own relevant experience. The Company retained an independent third party specialist in 2008 to assist in the assessment of its disclosure control procedures. The Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure control procedures are effective.

The Company also maintains a system of internal controls over financial reporting, as defined by Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* in order to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable and in accordance with Canadian GAAP. The Company retained an independent third party specialist in 2006, 2007 and 2008 to assist in the assessment of its internal control procedures. The Board of Directors approves the financial statements and ensures that management discharges its financial responsibilities. The Board's review is accomplished principally through the audit committee, which is composed of independent non-executive directors. The audit committee meets periodically with management and auditors to review financial reporting and control matters. The Board of Directors has also appointed a compensation committee composed of non-executive directors whose recommendations are followed with regard to executive compensation. From time to time the board may also form special sub-committees, which must investigate and report to the Board on specific topics.

The Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, the effectiveness of the Company's normal control over financial reporting as of March 31, 2009 and have concluded that the Company's internal control over financial reporting is effective. There have been no changes in internal control over financial reporting during the period ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Subsequent Information

Subsequent to March 31, 2009 there have been 38,000 stock options exercised between prices of $1.06 and $4.04 for proceeds of $95,280.

On April 20, 2009 the Company issued 328,525 stock options to directors, officers, and employees at an exercise price of $5.54 with an expiry date of April 20, 2014.

On December 1, 2008, the Company was advised of the intention of Fresbal Investments Ltd., a subsidiary of its joint venture partner, Fresnillo plc, to make an unsolicited take-over bid for all of the Company's outstanding common shares not currently held by Fresnillo and its affiliates at an offer price of US$4.54 cash per share. Fresnillo, an insider by virtue of its approximately 19.8% interest in the Company, triggered the requirement for a formal valuation by an independent valuator under the supervision of an independent committee of the Company's board of directors. On February 1, 2009 the Company announced that the valuation had been suspended after the independent committee determined that a proper valuation could not be completed without critical information which is in the sole possession or control of Fresnillo and which Fresnillo has refused or neglected to provide to the Company or the valuator. This information relates to Fresnillo's publicly disclosed plans to develop the Juanicipio joint venture property, owned jointly by the Company (44%) and Fresnillo (56%), as part of its Fresnillo II regional mine development plan.

On May 8, 2009 the Company announced that it has delivered a formal application for a hearing before the Ontario Securities Commission to compel Fresnillo to produce the critical information required to complete the valuation. The Company has also asked the Ontario Securities Commission to enjoin Fresnillo from proceeding with its announced "take-under" bid if Fresnillo refuses to comply with any document production order so as to finally put an end to this take-over bid threat that has persisted since December 2008.

On May 8, 2009 the Company also announced that it had filed a formal request for arbitration with the International Court of Arbitration of the International Chamber of Commerce. The Company is seeking urgent relief on the grounds that Fresnillo is attempting to acquire control of the Company on a hostile basis in breach of the standstill provisions contained in the shareholders agreement governing the Juanicipio joint venture. The Company is also seeking relief in relation to other alleged violations by Fresnillo as operator under the shareholders agreement.

The Company is taking the above actions to compel Fresnillo to comply with its legal and contractual obligations to the Company and its minority shareholders which exist to ensure the fair and equitable treatment in a change of control transaction. These actions are directed exclusively at enabling the minority shareholders of the Company to properly assess any bid by Fresnillo to acquire control of the company. Fresnillo, an insider of the Company, should not be permitted to use its informational advantage opportunistically to acquire MAG (and its interest in the Juanicipio joint venture) at a price that does not reflect fair value and that ignores or hides the distinctive material benefits that will accrue to Fresnillo if it succeeds in acquiring the Company.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Financial Statements
For the three month period ended Mar.31, 2009

Dated: May 15, 2009

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

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MAG SILVER CORP.
(An exploration stage company)
Consolidated Balance Sheets

(expressed in Canadian dollars)

	Mar. 31, 2009	Dec. 31, 2008
ASSETS		
CURRENT		
Cash	$ 43,900,160	$ 52,262,561
Accounts receivable (Note 4)	3,307,338	2,339,204
Interest receivable	27,714	81,934
Marketable securities (Note 5)	8,245	4,116
Prepaid expenses	201,318	110,151
TOTAL CURRENT ASSETS	47,444,775	54,797,966
EQUIPMENT AND LEASEHOLDS (Note 6)	72,192	66,539
INVESTMENT IN MINERA JUANICIPIO S.A. DE C.V. (Note 7)	8,215,779	8,166,747
MINERAL RIGHTS (Note 8)	6,328,842	6,879,060
DEFERRED EXPLORATION COSTS (Note 8)	30,736,547	25,237,198
TOTAL ASSETS	$ 92,798,135	$ 95,147,510
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 4,096,476	$ 1,503,417
SHAREHOLDERS' EQUITY		
Share capital (Note 9)		
Authorized - unlimited common shares, without par value		
Issued and outstanding at Mar. 31, 2009 - 49,210,566 common shares (Mar. 31, 2008 - 48,545,566)	107,259,065	107,023,016
Contributed surplus	9,551,457	9,583,860
Accumulated other comprehensive loss	(1,012,013)	(1,027,690)
Deficit	(27,096,850)	(21,935,093)
TOTAL SHAREHOLDERS' EQUITY	88,701,659	93,644,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 92,798,135	$ 95,147,510

CONTINUING OPERATIONS (Note 1)

ON BEHALF OF THE BOARD

/s/ "Derek White"

Derek White, Director

/s/ "R. Michael Jones"

R. Michael Jones, Director

See accompanying notes to the consolidated financial statements.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)

	For the three month period ended March 31, 2009	For the three month period ended March 31, 2008
EXPENSES		
Accounting and audit	$ 93,959	$ 44,675
Filing and transfer agent fees	105,453	126,357
Foreign exchange loss (gain)	109,069	(63,206)
General office expenses	347,064	170,770
Legal	625,473	71,100
Management and consulting fees	499,107	368,838
Mineral property costs written off (Note 8)	3,150,255	1,169,411
Shareholder relations	233,077	79,284
Stock compensation expense	49,846	1,446,300
Travel	87,179	34,777
	5,300,482	3,448,306
LOSS BEFORE THE FOLLOWING	(5,300,482)	(3,448,306)
INTEREST INCOME	138,725	659,169
NET LOSS FOR THE PERIOD	$ (5,161,757)	$ (2,789,137)
OTHER COMPREHENSIVE GAIN		
CURRENCY TRANSLATION ADJUSTMENT	11,548	384,435
UNREALIZED GAIN ON MARKETABLE SECURITIES	4,129	-
COMPREHENSIVE LOSS FOR THE PERIOD	$ (5,146,080)	$ (2,404,702)
BASIC AND DILUTED LOSS PER SHARE	$ (0.10)	$ (0.06)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	49,206,566	47,835,959

See accompanying notes to the consolidated financial statements.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Shareholders' Equity

(expressed in Canadian dollars)

	Common shares without par value		Common share purchase warrants			Accumulated other comprehensive	Deficit accumulated during the exploration	Total Deficit	Total shareholders'
	Shares	Amount	Number	Amount	Contributed Surplus	loss ("AOCL")	stage	and "AOCL"	equity
Balance, December 31, 2005	36,191,648	$20,812,185	-	$ -	$915,979	$ -	($4,046,379)	($4,046,379)	$17,681,785
Issued for cash	245,716	577,433	-	-	-	-	-	-	577,433
Issued to obtain mineral property option rights	85,043	204,431	-	-	-	-	-	-	204,431
Warrants exercised	944,503	1,275,079	-	-	-	-	-	-	1,275,079
Stock options exercised	461,700	564,814	-	-	(197,944)	-	-	-	366,870
Stock options expense	-	-	-	-	2,341,159	-	-	-	2,341,159
Net loss	-	-	-	-	-	-	(3,866,567)	(3,866,567)	(3,866,567)
Balance, December 31, 2006	37,928,610	23,433,942	-	-	3,059,194	-	(7,912,946)	(7,912,946)	18,580,190
Issued for cash (Note 8 (a))	5,760,000	59,955,443	1,380,000	2,692,571	-	-	-	-	62,648,014
Warrants exercised	2,883,486	6,468,783	(243,000)	(474,127)	-	-	-	-	5,994,656
Stock options exercised	382,100	1,247,472	-	-	(436,110)	-	-	-	811,362
Stock options expense	-	-	-	-	5,256,566	-	-	-	5,256,566
Translation adjustment	-	-	-	-	-	(716,778)	-	(716,778)	(716,778)
Net loss	-	-	-	-	-	-	(8,149,258)	(8,149,258)	(8,149,258)
Balance, December 31, 2007	46,954,196	91,105,640	1,137,000	2,218,444	7,879,650	(716,778)	(16,062,204)	(16,778,982)	84,424,752
Issued for cash	-	11,936	-	-	-	-	-	-	11,936
Warrants exercised	1,137,000	13,588,444	(1,137,000)	(2,218,444)	-	-	-	-	11,370,000
Stock options exercised	1,064,370	2,316,996	-	-	(834,801)	-	-	-	1,482,195
Stock options expense	-	-	-	-	2,539,011	-	-	-	2,539,011
Translation adjustment	-	-	-	-	-	(304,458)	-	(304,458)	(304,458)
Unrealized loss on marketable securities	-	-	-	-	-	(6,454)	-	(6,454)	(6,454)
Net loss	-	-	-	-	-	-	(5,872,889)	(5,872,889)	(5,872,889)
Balance, December 31, 2008	49,155,566	107,023,016	-	-	9,583,860	(1,027,690)	(21,935,093)	(22,962,783)	93,644,093
Stock options exercised	55,000	236,049	-	-	(82,249)	-	-	-	153,800
Stock options expense	-	-	-	-	49,846	-	-	-	49,846
Translation adjustment	-	-	-	-	-	11,548	-	11,548	11,548
Unrealized gain on marketable securities	-	-	-	-	-	4,129	-	4,129	4,129
Net loss	-	-	-	-	-	-	(5,161,757)	(5,161,757)	(5,161,757)
Balance, March 31, 2009	49,210,566	$ 107,259,065	-	$ -	$ 9,551,457	$ (1,012,013)	$ (27,096,850)	$ (28,108,863)	$ 88,701,659

See accompanying notes to the consolidated financial statements.

MAG SILVER CORP.

(An exploration stage company)

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	For the three month Period ended March 31, 2009	For the three month Period ended March 31, 2008
OPERATING ACTIVITIES		
Net loss for the period	$ (5,161,757)	$ (2,789,137)
Items not involving cash:		
Amortization	8,586	10,219
Mineral property costs written off (Note 7)	3,150,255	1,169,411
Non-cash stock compensation expense	49,846	1,446,300
Changes in operating assets and liabilities		
Accounts receivable	(968,134)	(444,456)
Interest receivable	54,220	(12,006)
Prepaid expenses	(91,167)	7,215
Accounts payable and accrued liabilities	(406,941)	(15,154)
	(3,365,092)	(627,608)
INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements	(14,239)	(62,127)
Investment in Juanicipio JV	(37,484)	(474,952)
Mineral rights	(839,490)	(190,721)
Deferred exploration costs	(4,259,896)	(1,334,765)
	(5,151,109)	(2,062,565)
FINANCING ACTIVITIES		
Issuance of common shares	153,800	12,355,191
	153,800	12,355,191
(DECREASE) INCREASE IN CASH	(8,362,401)	9,665,018
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	52,262,561	60,147,307
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 43,900,160	$ 69,812,325
CASH AND EQUIVALENTS WERE COMPRISED OF:		
Cash	$ 43,900,160	$ 19,312,325
Short-term deposits	$ -	50,500,000
	$ 43,900,160	$ 69,812,325

See accompanying notes to the consolidated financial statements.

1. CONTINUING OPERATIONS

MAG Silver Corp ("the Company" or "MAG") was incorporated on April 21, 1999 under the Company Act of the Province of British Columbia and its shares were listed on the TSX Venture Exchange on April 21, 2000. On October 5, 2007, the Company moved to the TSX. Unless the context requires otherwise, references in these consolidated financial statements to the Company include the subsidiaries of the Company whose financial results are consolidated in these financial statements.

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

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 any revenue generating operations. 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. If the going concern assumption was not appropriate, the financial statements would require revision and restatement on a liquidation basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, 2008, except as described in note 3. The accompanying unaudited interim financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2008, as they do not contain all disclosures required by Canadian GAAP for annual financial statements.

In the opinion of management, all adjustments necessary to present fairly the financial position of the Company as at March 31, 2009 and results of its operations and cash flows for all periods presented have been made. The interim results are not necessarily indicative of results for a full year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation

The unaudited interim consolidated financial statements of entities which are controlled by the Company through voting equity interests, referred to as subsidiaries, are consolidated. Variable interest entities ("VIEs"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline ("AcG") 15, *Consolidation of Variable Interest Entities* ("AcG 15"), are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The Company does not believe that it has any VIEs subject to consolidation. All significant intercompany balances and transactions have been eliminated upon consolidation. The principal subsidiary at December 31, 2008 is Minera Los Lagartos, S.A. de C.V. ("Lagartos") which holds several properties in Mexico.

Investments where the Company has the ability to exercise significant influence, generally where the Company has a 20% to 50% equity interest are accounted for using the equity method. Under this method, the Company's share of the investee's earnings or losses is included in operations and its investments therein are adjusted by a like amount. Dividends received from these investments are credited to the investment accounts.

The Company's 44% interest in the Juanicipio Joint Venture (Note 7) is recorded using the equity method.

3. CHANGES IN ACCOUNTING POLICIES

(i) *Business Combinations*

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interest. These new standards are harmonized with International Financial Reporting Standards (IFRS). Section 1582 specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. The new standards will become effective in 2011 but early adoption is permitted. The Company is evaluating the attributes of early adoption of this standard and its potential effects if events or transactions occurred that this standard applies to.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009, and the Company has evaluated the requirements of this Section and concluded that the impact is not material to the first quarter financial statements .

(iii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173")

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact on the Company's consolidated financial statements.

(iv) Mining Exploration Costs ("EIC-174")

In March 2009, the CICA issued EIC Abstract 174 - Mining Exploration Costs ("EIC-174") which supercedes EIC Abstract 126 - Accounting by Mining Enterprises for Exploration Costs ("EIC-126"), to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC 174 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC – 174 did not result in a material impact on the Company's consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	Mar. 31, 2009	Dec. 31, 2008
Goods and services tax recoverable	$ 81,230	$ 44,633
Mexican value added tax ("IVA") recoverable	3,112,671	2,190,188
Other	113,437	104,383
	$ 3,307,338	$ 2,339,204

During the quarter ended March 31, 2009 the Company received $91,700 in IVA. Based on management's discussions with the Mexican government the Company believes that the entire balance will be recovered by year end.

5. MARKETABLE SECURITIES

In 2008 the Company purchased 1,000 shares of Fresnillo plc, a company which holds a 56% interest in Minera Juanicipio, S.A. de C.V. (Note 6).

At March 31, 2009, the Company holds the following marketable securities:

Available-for-sale securities	Number of Shares	Cost ($)	Accumulated Unrealized Losses ($)	Fair Value ($)
Fresnillo PLC	1,000	10,570	2,325	8,245

At December 31, 2008, the Company has the following marketable securities:

Available-for-sale securities	Number of Shares	Cost ($)	Accumulated Unrealized Losses ($)	Fair Value ($)
Fresnillo PLC	1,000	10,570	6,454	4,116

During the year ended December 31, 2008 the Company recognized an unrealized loss of $6,454 (2007 - $nil) on marketable securities designated as available-for-sale instruments in other comprehensive income. Management believes that the change in fair value of its marketable security is only temporary.

During the period ended March 31, 2009 the Company recognized an unrealized gain of $4,129 (2008 - $nil) on marketable securities designated as available-for-sale instruments in other comprehensive income. Overall the Company still has an accumulated unrealized loss of $2,325.

6. EQUIPMENT AND LEASEHOLDS

	March 31, 2009		
	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 74,948	$ 36,163	$ 38,785
Field equipment	67,201	40,315	26,886
Leasehold improvements	26,084	19,563	6,521
	$ 168,233	$ 96,041	$ 72,192

6. EQUIPMENT AND LEASEHOLDS (continued)

	December 31, 2008		
	Cost	Accumulated depreciation	Net book value
Computer equipment and software	$ 60,709	$ 33,018	$ 27,691
Field equipment	67,201	38,135	29,066
Leasehold improvements	26,084	16,302	9,782
	$ 153,994	$ 87,455	$ 66,539

Equipment and leaseholds are recorded at cost and are amortized on the declining balance basis at the following annual rates:

Computer equipment and software	30%
Field equipment	30%

The leasehold improvements are depreciated on a straight-line basis to amortize the costs over the two year term of the related lease.

7. INVESTMENT IN MINERA JUANICIPIO S.A. DE C.V.

Pursuant to an original option agreement dated July 18, 2002 and subsequent corporate acquisitions the Company acquired a 100% interest in the Juanicipio Property in exchange for total consideration of $919,458. Of this amount, $656,125 was paid in cash and 366,667 common shares of the Company were issued at a value of $263,333.

Pursuant to a letter of intent dated March 17, 2005 and a formal agreement effective July 1, 2005 (the "Agreement") with Industrias Peñoles, S.A. de C.V. ("Peñoles"), the Company granted to Peñoles or any of its subsidiaries an option to earn a 56% interest in the Juanicipio Property in Mexico in consideration for Peñoles conducting US$5,000,000 of exploration on the property over four years and Peñoles purchasing US$1,000,000 of Common Shares of the Company in two tranches for US$500,000 each.

In mid 2007, Peñoles met all of the earn-in requirements of the Agreement. In December 2007, the Company and Peñoles created an operating company named Minera Juanicipio, S.A. de C.V. ("Minera Juanicipio") for the purpose of holding and operating the Juanicipio Property. In 2008, Peñoles restructured and transferred its 56% interest of Minera Juanicipio into a new company called Compania Fresnillo S.A. de C.V., which then transferred its interest to Fresnillo plc ("Fresnillo") pursuant to a statutory merger. Minera Juanicipio is held as to 56% by Fresnillo and 44% by the Company. In December 2007 all mineral rights and surface rights relating to the Juanicipio project held by the Company and Peñoles, respectively, were ceded into Minera Juanicipio. Minera Juanicipio is currently governed by a shareholders agreement. All costs relating to the project and Minera Juanicipio are required to be shared by the Company and Fresnillo pro-rata based on their ownership interests in Minera Juanicipio.

7. INVESTMENT IN MINERA JUANICIPIO S.A. DE C.V. (continued)

To capitalize Minera Juanicipio, the Company invested 63.40 million pesos ($6.025 million) into Minera Juanicipio while Peñoles invested 80.69 million pesos ($7.668 million). MAG then received a payout from Minera Juanicipio of 26.41 million pesos ($2.510 million) against its contribution of the Juanicipio mineral rights while Peñoles received 70.28 million pesos ($6.679 million) against its contribution of surface rights and the Company's 44% share of exploration costs incurred by Peñoles subsequent to the completion of their earn-in and up to December 31, 2007.

The Company has recorded its investment in Minera Juanicipio using the equity basis of accounting. The cost of the investment includes the carrying value of the deferred exploration and mineral and surface rights costs incurred by the Company on the Juanicipio Property and contributed to Minera Juanicipio plus the required net cash investment to establish its 44% interest.

Effective December 31, 2007 the Company concluded that the functional currency of Minera Juanicipio was the Mexican peso as expenditures in Minera Juanicipio were principally being incurred in pesos and funded by advances from the venturers which were denominated in pesos. The Company translates its net investment in Minera Juanicipio using the current rate method with translation gains and losses recorded in other comprehensive loss which is a component of shareholders' equity, until there is a realized reduction in the net investment.

The Company owns a 44% interest in Minera Juanicipio. The Company's historical investment relating to its interest in the Juanicipio property and Minera Juanicipio are detailed as follows:

	Mar. 31, 2009	Dec. 31, 2008
Camp costs	$ 3,754	$ 14,024
Geological	20,466	78,452
Geophysical	2,835	8,163
Gov't fees and licenses	5,057	10,131
Travel	4,342	5,736
Site administration	1,030	1,667
Cash contributions to the Minera Juanicipio	-	2,404,671
	37,484	2,522,844
Balance, beginning of year	8,166,747	5,948,361
	$ 8,204,231	$ 8,471,205
Recoveries	-	-
Translation adjustment	11,548	(304,458)
Balance, end of year	$ 8,215,779	$ 8,166,747

Summary of the Audited Statements of Minera Juanicipio

At March 31, 2009 the assets of Minera Juanicipio consisted of cash and short term investments in the amount of 3.69 million pesos ($327,000), value added taxes recoverable and other receivables in the amount of 7.73 million pesos ($685,000) and mineral, surface rights and exploration expenditures in the amount of 191.05 million pesos ($16.94 million). Payables to Peñoles and other vendors for exploration work amounted to 1.35 million pesos ($119,700) while shareholders equity was 201.09 million pesos ($17.80 million).

MAG SILVER CORP.

(An exploration stage company)
Notes to the Consolidated Financial Statements

8. MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS

	Period ended March 31, 2009							
	(Batopilas) Don Fippi	Guigui	Lagartos NW	Lagartos SE	Sierra de Ramirez	Cinco de Mayo	Other	Total
Acquisition costs of mineral rights								
Bal., beginning of year	$ 1,422,672	$ 1,571,172	$ 50,032	$ 36,458	$ 1,359,747	$ 1,373,416	$ 1,065,563	$ 6,879,060
Incurred during period	-	-	-	-	29,961	809,529	-	839,490
Less amounts written off	-	-	-	-	(1,389,708)	-	-	(1,389,708)
Balance, end of period	$ 1,422,672	$ 1,571,172	$ 50,032	$ 36,458	$ -	$ 2,182,945	$ 1,065,563	$ 6,328,842
Deferred exploration costs								
Camp costs	$ 7,953	$ -	$ -	$ 33,611	$ 48,962	$ 72,687	$ 70,385	$ 233,598
Drilling	-	-	-	1,481,430	905,877	2,119,033	799,312	5,305,652
Geochemical	3,027	-	-	77,376	42,796	207,536	68,229	398,964
Geological	27,644	-	76	114,321	149,050	232,619	149,631	673,341
Geophysical	-	-	-	-	-	262,083	756	262,839
Gov't fees and licenses	5,515	29,663	51,729	41,420	25,895	82,960	43,279	280,461
Site administration	1,383	-	-	6,634	8,288	8,894	8,990	34,189
Travel	2,466	-	-	6,311	8,173	12,632	12,534	42,116
Transport and shipping	1,458	-	-	6,640	6,235	9,095	5,308	28,736
	49,446	29,663	51,805	1,767,743	1,195,276	3,007,539	1,158,424	7,259,896
Bal., beginning of year	4,797,597	1,462,929	1,204,960	5,330,430	565,271	10,773,036	1,102,975	25,237,198
Less amounts written off	-	-	-	-	(1,760,547)	-	-	(1,760,547)
Balance, end of period	$ 4,847,043	$ 1,492,592	$ 1,256,765	$ 7,098,173	$ -	$ 13,780,575	$ 2,261,399	$ 30,736,547

	Year ended December 31, 2008								
	(Batopilas) Don Fippi	Guigui	Lagartos NW	Lagartos SE	Sierra de Ramirez	Cinco de Mayo	Sello	Other	Total
Acquisition costs of mineral rights									
Bal., beginning of year	$ 1,422,672	$ 1,571,172	$ 50,032	$ -	$ 800,736	$ 610,448	$ 105,852	$ 510,495	$ 5,071,407
Incurred during year	-	-	-	36,458	559,011	762,968	12,983	555,068	1,926,488
Less amounts written off	-	-	-	-	-	-	(118,835)	-	(118,835)
Balance, end of year	$ 1,422,672	$ 1,571,172	$ 50,032	$ 36,458	$ 1,359,747	$ 1,373,416	$ -	$ 1,065,563	$ 6,879,060
Deferred exploration costs									
Camp costs	$ 92,205	$ -	$ 22,855	$ 79,831	$ 19,892	$ 322,858	$ 13,429	$ 65,541	$ 616,611
Drilling	913,389	-	778,171	537,063	-	6,084,484	485,327	458,376	9,256,810
Geochemical	59,362	-	4,623	45,229	847	384,988	13,584	19,432	528,065
Geological	260,151	-	93,775	209,652	55,298	807,465	48,665	258,769	1,733,775
Geophysical	63,829	-	8,162	3,398	2,063	214,263	-	-	291,715
Gov't fees and licenses	9,774	12,529	162,886	204,838	37,440	77,380	27,424	101,617	633,888
Site administration	14,863	-	6,453	12,120	4,426	44,452	2,535	13,252	98,101
Travel	36,988	-	6,377	17,522	10,677	58,062	6,696	33,694	170,016
Transport and shipping	2,623	-	805	629	-	3,405	50	151	7,663
	1,453,184	12,529	1,084,107	1,110,282	130,643	7,997,357	597,710	950,832	13,336,644
Bal., beginning of year	3,344,413	1,450,400	120,853	4,220,148	434,628	2,775,679	504,474	152,143	13,002,738
Less amounts written off	-	-	-	-	-	-	(1,102,184)	-	(1,102,184)
Balance, end of year	$ 4,797,597	$ 1,462,929	$ 1,204,960	$ 5,330,430	$ 565,271	$ 10,773,036	$ -	$ 1,102,975	$ 25,237,198

8. MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS (continued)

(a) Don Fippi (Batopilas) Property

The Company has a 100% interest in the Don Fippi mining concessions located in the Batopilas, Chihuahua district of Mexico, subject to a royalty of 4.5% of the Net Smelter returns obtained from the property. To March 31, 2009, the Company has incurred $4,847,043 in exploration costs on the property.

(b) Guigui Property

The Company has a 100% interest in mining concessions located in the Santa Eulalia (Guigui), Chihuahua district of Mexico, subject to a royalty of 2.5% of the Net Smelter returns obtained from the property. To March 31, 2009, the Company has incurred $1,492,592 in exploration costs on the property.

(c) Lagartos Properties

The Company has acquired a 100% interest in exploration concessions on mining claims (Lagartos) on the Fresnillo trend to the northwest and southeast of the Juanicipio property. This exploration concession enables the Company to explore the mining claim covered by the concession to December 2009, subject to the Company paying any applicable annual tax or other regulatory charges.

During the year ended December 31, 2008, the Company entered into an option agreement to acquire a 100% interest in certain mining concessions internal to the Lagartos SE property. The Company is obligated to make scheduled cash payments totalling US$500,000 (of which $ 36,458 (US$30,000) has been paid) to June 10, 2011.

To March 31, 2008, the Company has incurred $1,256,765 in exploration costs on the Lagartos NW property and $7,098,173 in exploration costs on the Lagartos SE property.

(d) Sierra Ramirez Property

Under a 2003 agreement, as later amended in 2006, the Company has an option to acquire a 100% interest in certain mining concessions located in the Sierra Ramirez district in Durango, Mexico. Under the amended terms, the Company issued Minera Rio Tinto S.A. de C.V. 20,000 common shares of the Company (valued at $55,000) and is to make scheduled cash payments totalling US$1,300,000 to December 14, 2010. To March 31, 2009 the Company has paid US$375,000. The final scheduled payment of US$650,000 may be settled by up to US$500,000 paid in the common shares of the Company. The Company also paid a finder's fee of 25,000 common shares ($25,746) of the Company in relation to this property. To March 31, 2009, the Company has incurred $1,760,547 in exploration costs on the property.

During the year ended December 31, 2007, the Company entered into five separate option agreements to acquire 100% interests in certain mining concessions, all of which are internal to the Sierra Ramirez property. The Company is obligated to make scheduled cash payments totalling US$5,537,325 to December 31, 2013 (of which US$440,625 has been paid).

8. MINERAL RIGHTS AND DEFERRED EXPLORATION COSTS (continued)

Based on exploration results received after the quarter end on March 31, 2009, it was decided that the results to date do not support the capitalised value of this property. Effective at March 31, 2009 the Company wrote down deferred acquisition and exploration costs of $3,150,255 relating to the Sierra Ramirez property. The Company has not abandoned the property and further exploration work will be undertaken.

(e) Cinco de Mayo Property

On February 26, 2004, the Company entered into an option agreement to acquire a 100% interest in the Cinco de Mayo property (the "Cinco de Mayo Property"), subject to a 2.5% net smelter returns royalty. Under the terms of the agreement, as later amended, the Company was obligated to make scheduled cash and share payments together worth US$1,000,000 and incur exploration expenditures totalling US$1,000,000 by July 26, 2009. To March 31, 2009 the Company has paid $661,721 (US$550,000) in cash, issued 165,670 common shares at a value of $266,630 and has completed $13,780,575 in exploration costs.

During the year ended December 31, 2008, the Company acquired a 100% interest in certain mining concessions internal to the Cinco de Mayo property from two separate vendors. The Company made a one-time payment of $445,065 (US$350,000) for these mining concessions.

During the period ended March 31, 2009, the Company purchased surface rights in the Cinco de Mayo area for $809,529.

(f) Sello Property

On December 8, 2006, the Company entered into an agreement to acquire a 100% interest in the Sello and Sello Uno claims located in Zacatecas State, by making scheduled option payments totalling US$1,000,000 plus applicable value added tax over a three year period, of which $52,816 (US$50,000) was paid. During 2008 the Company entered into an agreement to acquire a 100% interest in the El Oro claims located adjacent to Sello in Zacatecas State, by making scheduled option payments totalling US$125,000 plus applicable value added tax over one year, of which $66,019 (US$62,500) was paid. Based on exploration results, it was decided in April 2008 that the Company would terminate these option agreements, and consequently, total deferred acquisition and exploration costs of $1,221,019 were written-off as of June 30, 2008.

(g) *Other Properties*

During the years ending December 31, 2006 to December 31, 2008, the Company optioned other exploration properties in Mexico. To December 31, 2008, the Company has paid $1,065,563 in acquisition costs on these other properties. The Company is obligated to make additional scheduled cash payments totalling US$2,180,000 to October 31, 2013 if it plans to maintain its acquisition rights under the referred option agreements.

The other properties consist of the Zacatecas claims, the La Lorena claims, the Nuevo Mundo claims, the Camino Duro claims, and the Salemex claim options. During the period ended March 31, 2009, the Company completed approximately $1,158,424 in exploration costs including $784,876 in drilling and other exploration costs on the Salemex claims. Another $373,548 in exploration costs was spent on the remaining other properties.

9. SHARE CAPITAL

(a) Issued and outstanding

At March 31, 2009, there were 49,210,566 shares outstanding.

During the year period March 31, 2009, 55,000 stock options were exercised for cash proceeds of $153,800.

During the year ended December 31, 2008, 1,137,000 share purchase warrants were exercised for proceeds of $11,370,000 and 1,064,370 stock options were exercised for cash proceeds of $1,482,195.

During the year ended December 31, 2007, 2,883,486 share purchase warrants were exercised for proceeds of $5,994,656 and 382,100 stock options were exercised for cash proceeds of $811,362.

On November 27, 2007, the Company closed a brokered private placement for 3,000,000 common shares of the Company at a price of $15.50 per share for gross proceeds of $46,500,000. The Company paid a 5.0% commission to the underwriters on this placement. Legal, syndicate, and filing costs totaled an additional $208,484.

On February 14, 2007, the Company closed a brokered private placement for 2,550,000 units at $7.25 a unit for gross proceeds of $18,487,500. Each unit was comprised of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable for one common share at a price of $10.00 until February 14, 2008. Of the gross proceeds, $15,999,799 was assigned to the common shares included in the units and $2,487,701 to the warrants. The Company paid a 6.0% cash commission to the underwriters on this placement. Legal, syndicate, and filing costs totaled an additional $127,902.

On February 14, 2007, the Company closed a non-brokered private placement for 195,000 units, while a further 15,000 units were closed February 15, 2007 for a total of 210,000 at $7.25 a unit for gross proceeds of $1,522,500. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable for one common share at a price of $10.00 until February 14, 2008 (and in some cases February 15, 2008). Of the gross proceeds, $1,317,630 was assigned to the common shares included in the units and $204,870 to the warrants. The Company paid a 6.0% finder’s fee on this placement comprised of $91,350 in cash.

9. SHARE CAPITAL (Continued)

(b) Stock options

The Company has entered into Incentive Stock Option Agreements ("Agreements") with directors, officers and employees. At the Annual General and Special Meeting of the Shareholders held on March 24, 2009 the Shareholders approved the Amended and Restated Stock Option Plan (the "Plan") which fixed the maximum number of stock options that may be granted to 4,921,056. For more information on the current Plan go to www.sedar.com.

The following table summarizes options outstanding at March 31, 2009:

Exercise price	Number outstanding at Mar. 31, 2009	Weighted average remaining contractual life (years)	Weighted average exercise price
$ 1.00	60,000	1.67	1.00
1.06	510,000	0.80	1.06
2.00	50,000	2.21	2.00
2.46	145,000	2.31	2.46
3.00	505,000	1.85	3.00
3.12	18,000	2.42	3.12
3.56	13,000	1.97	3.56
4.04	142,830	2.00	4.04
5.36	462,500	2.70	5.36
7.56	35,000	2.82	7.56
7.62	50,000	4.48	7.62
8.80	200,000	2.90	8.80
9.40	45,000	3.00	9.40
10.01	241,202	4.25	10.01
12.91	275,875	3.87	12.91
13.75	25,000	3.52	13.75
14.15	425,000	3.54	14.15
14.70	50,000	3.34	14.70
	3,253,407	2.58	$ 6.65

At March 31, 2009 a total of 3,240,907 of the outstanding share options were exercisable, having a weighted average remaining contractual life of 2.57 years and a weighted average exercise price of $6.62.

At the date the Agreements are entered into, the exercise price of each option is set no lower than the fair value of the common shares at the date of grant.

9. SHARE CAPITAL (Continued)

(b) Stock options (continued)

The following table summarizes the Company's options:

	Period ended Mar. 31, 2009	Weighted average exercise price	Period ended Mar. 31, 2008	Weighted average exercise price
Balance outstanding, beginning of year	3,312,407	$ 6.59	3,805,700	$ 4.44
Activity during the period				
Options granted	-	-	284,500	12.91
Options forfeited	(4,000)	12.91	-	-
Options exercised	(55,000)	2.80	(454,370)	2.14
Balance outstanding, end of period	3,253,407	$ 6.65	3,635,830	$ 5.39

During the period ended March 31, 2009, the Company granted nil stock options, (March 31, 2008 – 284,500). The Company has recorded $49,846 (March 31, 2008 - $1,446,300) of compensation expense relating to stock options vested to employees and consultants in the period ended March 31, 2009.

During the period ended March 31, 2009 there were no stock options granted.

For the period ended March 31, 2008, 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 49%, an annual risk free interest rate of 3.37% and expected lives of three years.

10. CAPITAL RISK MANAGEMENT

The Company's objectives in managing its liquidity and capital are to safeguard the Company's ability to continue as a going concern and to provide financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, common share purchase warrants, contributed surplus, accumulated other comprehensive loss and accumulated deficit.

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

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

As at March 31, 2009, the Company does not have any long-term debt and is not subject to any externally imposed capital requirements.

The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

11. FINANCIAL RISK MANAGEMENT

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

(a) *Credit risk*

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

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

(ii) *Cash and cash equivalents*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating. At period end there were no cash equivalents.

(iii) *Derivative financial instruments*
As at March 31, 2009, the Company has no derivative financial instruments. MAG may in the future enter into derivative financial instruments in order to manage credit risk. Only derivative financial instruments with highly rated investment grade counterparties will be considered.

(iv) *Mexican value added tax*
At period end the Company had a receivable of $3,112,671 from the Mexican government for value added tax. Although full recovery is expected by management, recoveries to date have been intermittent.

The Company’s maximum exposure to credit risk on its Mexican operations at March 31, 2009 is as follows:

		Mar. 31, 2009		Dec. 31, 2008
Cash	$	403,186	$	414,359
Accounts Receivable		3,115,663		2,294,571
	$	3,518,849	$	2,708,930

(b) *Liquidity risk*

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Board of Directors. The Company ensures that there are sufficient cash balances to meet its short-term business requirements.

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

(c) *Currency risk*

The Company’s functional currency is the Canadian dollar and therefore the Company's net earnings and other comprehensive earnings are impacted by fluctuations in the value of foreign currencies in relation to the Canadian dollar. The Company's foreign currency exposures comprise limited amounts of cash and cash equivalents and accounts payable and accrued liabilities denominated in Mexican pesos and United States dollars. Several of the Company’s options to acquire properties in Mexico may result in option payments by the Company denominated in Mexican pesos or in United States dollars. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign exchange rates. Appreciation in the Mexican peso or the United States dollar against the Canadian dollar will increase our cost of operations. A decrease in the United States dollar or the Mexican peso against the Canadian dollar will result in a loss on our books to the extent we hold funds in either currency. The Company is also exposed to inflation risk in Mexico.

The most significant foreign exchange impact on the Company’s net income is the translation of foreign currency based earnings into Canadian dollars in each reporting period. All of the Company’s foreign subsidiaries report their operating results in currencies other than the Canadian dollar. Therefore, exchange rate movements in the Mexican peso relative to the Canadian dollar will impact the consolidated results of the Mexican operations in Canadian dollar terms.

The sensitivity of the Company's net loss and other comprehensive loss for the period ended March 31, 2009 due to changes in the exchange rate for the Mexican peso in relation to the Canadian dollar is summarized in the following table expressed as the increase in the net loss and comprehensive loss for each 10% appreciation in the Canadian dollar:

Net Loss	$	645,299
Other comprehensive loss		755,515
Comprehensive loss	$	1,400,814

A 10% depreciation in the Canadian dollar against the Mexican peso would have a similar decrease in net loss.

(d) *Interest rate risk*

The Company's interest revenue earned on cash and cash equivalents and on short term investments is exposed to interest rate risk. A continued decrease in interest rates as was seen at the end of 2008 would result in lower interest income in 2009.

12. FAIR VALUE DISCLOSURES

The carrying values of cash and cash equivalents, marketable securities and accounts payable reported in the consolidated balance sheet approximate their respective fair values.

13. SEGMENTED INFORMATION

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

14. RELATED PARTY TRANSACTIONS

The Company paid or accrued non-executive directors fees of $159,167 during the period ended March 31, 2009 (2008 - $20,500).

The Company is party to a Field Services Agreement, whereby it has contracted exploration services in Mexico with MINERA CASCABEL S.A. de C.V. ("Cascabel") and IMDEX Inc. ("Imdex"). As of January 2006, these companies have a common director with the Company. During the period ended March 31, 2009, the Company accrued or paid Cascabel and Imdex consulting, administration and travel fees totaling $92,895 (2008 - $24,432) and exploration costs totaling $1,005,590 (2008 - $413,832) under the Field Services Agreement.

During the year ended December 31, 2003, the Company entered into an office services agreement with Platinum Group Metals Ltd., a company with two common directors and common officer. During the period ended March 31, 2009, the Company accrued or paid Platinum Group Metals Ltd. $34,419 under the office service agreement (2008 - $33,670).

During the year ended December 31, 2007, the Company entered into a new two year office lease agreement with Anthem Works Ltd. ("Anthem"), a company with a common director. During the period ended March 31, 2009, the Company accrued or paid Anthem $22,078 under the office lease agreement (2008 - $20,272).

These transactions were incurred in the normal course of business and are measured at the exchange amount which was the consideration established and agreed to by the noted parties.

15. CONTINGENCIES AND COMMITMENTS

The Company's minimum payments under its office lease agreement which was entered into during the year ended December 31, 2007, are as follows:

2009		44,155
2010		-
	$	44,155

16. SUBSEQUENT EVENTS

On April 20, 2009 the Company issued 328,525 stock options to directors, officers, and employees at an exercise price of $5.54 with an expiry date of April 20, 2014.

Subsequent to March 31, 2009 there have been 38,000 stock options exercised between prices of $1.06 and $4.04 for proceeds of $95,280.