MAG Silver Corporation,  
Cinco de Mayo Project  
North-central Chihuahua, Mexico

Ken Robertson, P.Geo., VOX Geoscience Ltd., Delta, B.C. & MAG Silver Corporation  
Dr. Peter Megaw, C.P.G., Director, MAG Silver Corporation, Tucson, AZ, U.S.A.  
Dan Maclnnis, President & CEO, MAG Silver Corporation, Vancouver, B.C.  
Ken Kuiper, Manager GIS, Platinum Group Metals, Vancouver, B.C.  
Trent Pezzot, P.Geo., SJ Geophysics, Delta, B.C.  
Sean Walker, P.Geo., Aeroquest Limited, Vancouver, B.C.

MAG Silver Corporation (MAG) is a Vancouver based silver exploration company that is now in its fifth year of operation. All of MAG’s properties are located in Mexico and stretch from the U.S. border to north-central Mexico. MAG Silver’s portfolio of properties includes three Carbonate Replacement (CRD) style projects along with epithermal vein style projects.

![Cinco de Mayo Project Location](image)

The focus of this presentation will be on one specific property. Cinco de Mayo is a Carbonate Replacement Deposit (CRD) exploration project. CRDs form a spectrum of mineralization styles ranging from stock contact skarns, through dike and sill contact skarns and massive sulphides, to massive sulphide chimneys and mantos, with large systems ranging from 25 to 100 million...
tonnes of high-grade ores. Mexico’s CRDs occur along the intersection of the Laramide-aged Mexican Thrust Belt and the Tertiary volcanic plateau of the Sierra Madre Occidental, a zone where structurally prepared carbonate host rocks were invaded by metals-rich intrusive bodies. The largest CRDs, including Santa Eulalia, Naica, Charcas, Velardena, Concepcion del Oro and Sabinas-San Martin occur in a narrow band above a deep crustal break within this zone. MAG Silver’s CRD property package was assembled by Dr. Peter Megaw and Minera Cascabel during 15 years of systematic exploration within the Mexican CRD Belt for major mining companies. CRD deposits account for roughly 4 billion ounces or 40% of the 10 billion total silver ounces produced in Mexico. They are second only to epithermal veins in historic silver production.

Cinco de Mayo is MAG Silver’s leading CRD project. Drilling at Cinco de Mayo began in late 2006. The program successfully encountered a very extensive zone of zinc, lead and silver mineralization hosted by a limestone unit and moved the project from a conceptual Carbonate Replacement Deposit (CRD) model to an exploration discovery. New lead, zinc and silver mineralization was drilled on the floor of a broad valley covered by recent soils (alluvial). All of the targets drilled were buried (blind) geophysical and geochemical anomalies that were consistent with the exploration model.

Figure 2. Cinco de Mayo Exploration Target Model viewed from south to north
Cinco de Mayo consists of a 1.5 km long ridge of favorable limestone (light green) surrounded by thin alluvial cover (yellow). Highly anomalous silver and base metal values were outlined in earlier detailed outcrop mapping and sampling, and exploration is now focusing on the adjoining covered areas. An orientation biogeochemical survey was completed prior to 2007 and the results show consistently anomalous copper, zinc, lead, cobalt and strontium values. Copper and zinc show the best definition, revealing a strong anomaly to the northeast of the Cinco manto mineralization located on the nearby ridge.

Zonge Engineering, Tucson Arizona, collected 45.1 line kilometres of NSAMT (Natural Source Audio Magneto Tellurics) survey results on lines running northwest parallel to the Cinco de Mayo ridge and northeast across the ridge and parallel to outcropping jasperoid vein swarms.
Combining the geological, geochemical, biogeochemical, geophysical data and interpretations MAG Silver developed a series of drill targets along a very prominent NW trending fault zone that cuts strongly folded massive limestone and limestone-rich sedimentary rocks. Nine holes totaling 3,975 metres were drilled in an area roughly 1.5 kilometres wide and over 2 kilometres long with significant, structurally-controlled replacement style, massive to semi-massive sulphide mineralization occurring in six of the holes. At least trace mineralization was encountered in the remaining three holes. The intersections occur within broad zones of dispersed lead, zinc and iron sulphides developed in the surrounding sedimentary rocks.

Hole 09 lies at the northernmost end of the 2 kilometre long drilling pattern and was drilled on a geophysical anomaly detected in the initial processing of the airborne electromagnetic and magnetic survey, flown concurrent with the drilling program. Hole 09 intersected over 68 metres of strong hornfels (alteration developed near an igneous heat source) with widespread associated dispersed and veinlet zinc and lead sulphide mineralization.

The 2006/2007 drill program intersected new lead, zinc and silver mineralization. Selected assays were returned of 6.11 metres of 5.7% zinc, 1.4% lead, 22.5 grams per tonne silver and 1.88 metres of 7.9% zinc, 4.3% lead, 190 grams per tonne silver. The results of this drill program and early systematic regional exploration work clearly show that Cinco de Mayo has many geological and mineralogical characteristics in common with the largest Carbonate Replacement Deposits (CRDs) in Mexico. MAG Silver management contends that intersecting significant mineralization in initial blind drilling confirms that they are applying the right techniques in the right geological setting, and that a carbonate replacement system of significant strength and size may be present.

In late 2006 and the first 6 months of 2007 airborne electromagnetic and magnetic surveys totaling close to 6,000 line kilometers were flown over 7 MAG held projects including Cinco de Mayo.

The study, evaluation and interpretation of the survey results is not yet complete however we can show several of the concepts developed and applied over the last few months. The results and processing of the airborne TEM survey, SJ Geophysics/UBC 3D magnetic inversion of two portions of the aeromagnetic survey, revised Zonge Engineering NSAMT survey results and the integrated geophysics and drill assay values will be reviewed. The second stage of drilling will begin this summer and those results will be added to the compilation and final presentation if they are available in time.
We were quite surprised to see the level of detail mapped by the aeromagnetic survey. The chevron banding along the northeast side was not expected. In subsequent field work the project geologists have found outcrops of sandstone with minor magnetite that correspond with the high magnetic susceptibility units. The current interpretation is that this is a large anticline that is truncated on the southwest by a series of sub-parallel regional faults.

The following image, compiled from the field data and used in a February 19th, 2007 Press Release, shows the sharpened detail of the calculated first vertical derivative magnetic grid. We currently interpret a limestone unit, exposed on surface as the Cinco de Mayo ridge, that continues to the northwest under the alluvial cover. The drill results from hole 9, the isolated hole in the center of the image, lend support to this view and increase the interest in the string of EM conductors (shown in Figure 4) that lie along trend.
Figure 5. Calculated First Vertical Derivative over IKONOS Image
Figure 6. First Pass 3D Magnetic Inversion Model with Drill Holes and Silver Assays (60 to 80 ppm)

Figure 7. Higher Susceptibility Magnetic bodies (red-orange) merged with drilling and NSAMT vertical sections
The magenta “columns” show zones of higher conductivity NSAMT results that, along with anomalous geochemistry results, formed the basis of the drill program. The higher conductivity zone buts up against the thick carbonate section and can be traced from the base of the alluvium to a depth in excess of 300 metres. Previous depictions of the NSAMT merged these NE – SW lines with orthogonal NW - SE lines that essentially ran parallel to the carbonate unit. Only after separating the line directions did a coherent picture of the NSAMT emerge.

The above figure shows the excellent correlation between the Ag, Pb and Zn assays all of which are coincident with the NSAMT high conductivity zone seen in Figure 7.

Since the Cinco de Mayo mineralization appeared to be coincident with the contact between the carbonate and adjacent units we reversed the presentation so that instead of displaying as empty space the carbonate took on form and the higher susceptibility units were blanked out. The susceptibility was adjusted bit by bit until the volume of the carbonate unit just touched the drill assay zones. The same parameters were applied to the second block that was inverted along trend to the northwest. In this presentation the Cinco de Mayo limestone ridge starts above surface, below the SE flag, expands and plunges towards the NW. Hole 09 is not shown but lies within Block 2 and intersected over 68 metres of strong hornfels with widespread associated dispersed and veinlet zinc and lead sulphide mineralization at close to the depth predicted by the inversion.
The final image, figure 10, is a compilation of the above inversion blocks, viewed from the opposite direction, suspended over the gridded EM Z Off Channel 05 results. The amplitude of the EM was used for the vertical scaling.

The blue depression immediately below Block 1 outlines the higher resistivity Cinco de Mayo carbonate unit. The channel 05 EM shows a good correlation with NSAMT. The stocks or “buttes” visible on the magnetic body in Block 2 are interpreted to be areas where the alluvium is thinner.

When we started this project we saw a weakly mineralized ridge sticking out of a sea of uniform alluvium. The follow-up work adhered to the guidelines established by Dr. Peter Megaw and the geologists of Minera Cascabel / IMDEX. We are far from resolving all the exploration mysteries of this project but it is quite gratifying to see this amount of information extracted from an area that on surface is pretty much featureless.

Ken Robertson, P.Geo.
Delta, B.C.
Figure 10. 3D Mag Inversion blocks suspended over EM Z Off Channel 05 (EM amplitude used as z scale)