

WESTERN SILVER CORPORATION
(AMEX – WTZ; TSX – WTC)

PEÑASQUITO SILVER PROJECT CONTINUES TO EXPAND

OPERATING AND FINANCIAL MANAGEMENT TEAM STRENGTHENED

Western Silver Corporation continues to expand the scope of its 100%-owned Peñasquito silver project in Zacatecas State, Mexico and to build-out its corporate structure. Recent developments include the appointment of a new Director, three corporate Vice-Presidents covering Finance, Legal and Corporate Development, as well as a Project Manager. We believe these additions position the Company to take Peñasquito through feasibility and into production. Further, the scale and scope of mineralization at the property are such that we expect Western to continue to report exploration successes while completing engineering and mine planning at what we consider to be one of the most important silver projects in the world.

Developments at Peñasquito

In the final round of its 2003 drill program at Peñasquito, Western Silver discovered yet another zone of mineralization called El Chamisal, located more than a mile to the northeast of the established Chile Colorado zone and east of the Outcrop Breccia.

The final round of drilling in the 2003 program comprised some twenty-eight core and eleven shallow reverse circulation holes. The total to program in 2003 amounted to approximately 68,000 feet of core drilling in 47 holes and nearly 19,000 feet of shallow drilling in 57 reverse circulation holes. The Company plans a substantial increase in drilling activity in 2004, with a 130,000-foot program focusing on the Peñasco, Azul NE, El Chamisal, El Sotol and La Palma targets (see update date July 2003).

The latest discovery expands the area within which significant mineralization has been discovered. Like the Outcrop Breccia and other recent discoveries, it is also relatively gold-rich. The 2003 program has gone a long way to confirm our initial opinion, expressed in our first report on Western Silver in July 2002, that the Chile Colorado discovery zone represents part of a prospective mining camp comprising multiple deposits, and not just a single, albeit substantial, deposit.

Once the 2003 results are published, Western intends to upgrade the Chile Colorado zone scoping study completed in mid-2003 into a detailed pre-feasibility study while completing a scoping study on the Outcrop zone.

Based on information published to date, we envision an initial mine at the shallower, higher grade portions of either Chile Colorado or Outcrop, with expansion into the other deposit and lower grade material once Phase I is completed. This would facilitate a rapid move to construction of an initial 20,000 metric ton per day facility with subsequent expansion to perhaps 40,000 metric tons per day. There is also the possibility of earlier production from the one of the higher grade zones.

Exchange		Amex	Toronto	Shares out. (12.31.03)	(millions)	38.176
Ticker		WTZ	WTC	Float	(%)	79%
Price (01.27.04)	(US\$)	5.53 (C\$)	7.20	Options & warrants	(millions)	4.684
52 week: high (01.12.04)	(US\$)	6.09 (C\$)	7.73	Average exercise price	(C\$)	1.98
low (06.04.03)	(US\$)	2.00 (C\$)	2.71	Cash (12.31.03)	(US\$ mm)	10.70
Average daily trading volume		225,600	122,100	Cash on option/warrant exercise	(US\$ mm)	7.17
Fiscal year: September 30				Market capitalization	(US\$ mm)	211.112

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El Chamisal was discovered near the end of 2003 as a result of shallow drilling across a large geophysical anomaly that extends for more than a mile from the Outcrop breccia to the east, with the strongest anomalies at Peñasco, La Palma and El Chamisal. Two reverse circulation holes drilled across the anomaly at El Chamisal intersected disseminated sulfides and carbonate-sulfide veinlets in milled hydrothermal dikes similar to those in the Chile Colorado deposit. Western plans to drill a series of core holes that parallel the RC holes during the first quarter, with grid drilling to follow if results remain positive.

Western has now completed eight core and seven RC holes at Peñasco, which is a large mineralized system occurring in the upper part of an intrusive-hosted Outcrop Breccia. Drilling is beginning to delineate the this large mineralized zone that is already known to extend for nearly 2,000 feet east-west, over 1,600 feet north-south. Mineralization rises close to the surface and continues over a thickness of at least 1,000 feet. The zone remains open to the east-northeast. Grid drilling on 165-foot centers is scheduled to commence in February.

Recent work at Chile Colorado has been focused on in-fill drilling and further defining the boundaries of the mineralized zone. The latest round of 17 core holes confirms continuity. However, the deposit remains open to the west-northwest and at depth. SNC-Lavalin, the independent engineering firm, is currently completing a new ore resource calculation that will be incorporated into a pre-feasibility study by M3 Engineering & Technology of Tucson, Arizona. We anticipate an increase in both tonnage and grade when compared with the initial scoping study prepared last summer, that considered an initial plan to process 98 million short tons of ore with a strip ratio of 2.2:1.

The latest round of drilling intersected over 330 feet of Chile Colorado-style mineralization along the northeast margin of the Azul breccia. This zone has now been drill-delineated over 1,000 feet. A high grade interval beginning at approximately 660 feet containing high grade gold (60 feet of 7.3 oz/t silver) that may correlate with a similar zone approximately 1,000 feet to the east-southeast.

Other Projects

The increase in metal prices during the past year has also brought Western's other projects into range. Specifically, the Company is examining what to do with both the San Nicolas copper-zinc-gold-silver project in Mexico and the Carmacks copper oxide project in Canada, both of which have full feasibility studies that show positive economics at current metal prices.

Expanded Management Team

Perhaps the greatest challenge for any mining company is the transition from exploration to mine development and operation. Western Silver has always been distinguished by the fact that Dale Corman, Chairman and Chief Executive Officer, is experienced in financing and mine construction, while Tom Patton, President and Chief Operating Officer, is a renowned exploration geologist. The latest appointments strengthen the mine development team in mine planning, legal, corporate development, and finance.

- Dr. Robert Gayton, formerly Vice President Finance, is replacing Robert Quatermain on the Board of Directors. Dr. Gayton has extensive accounting and strategic corporate finance experience.

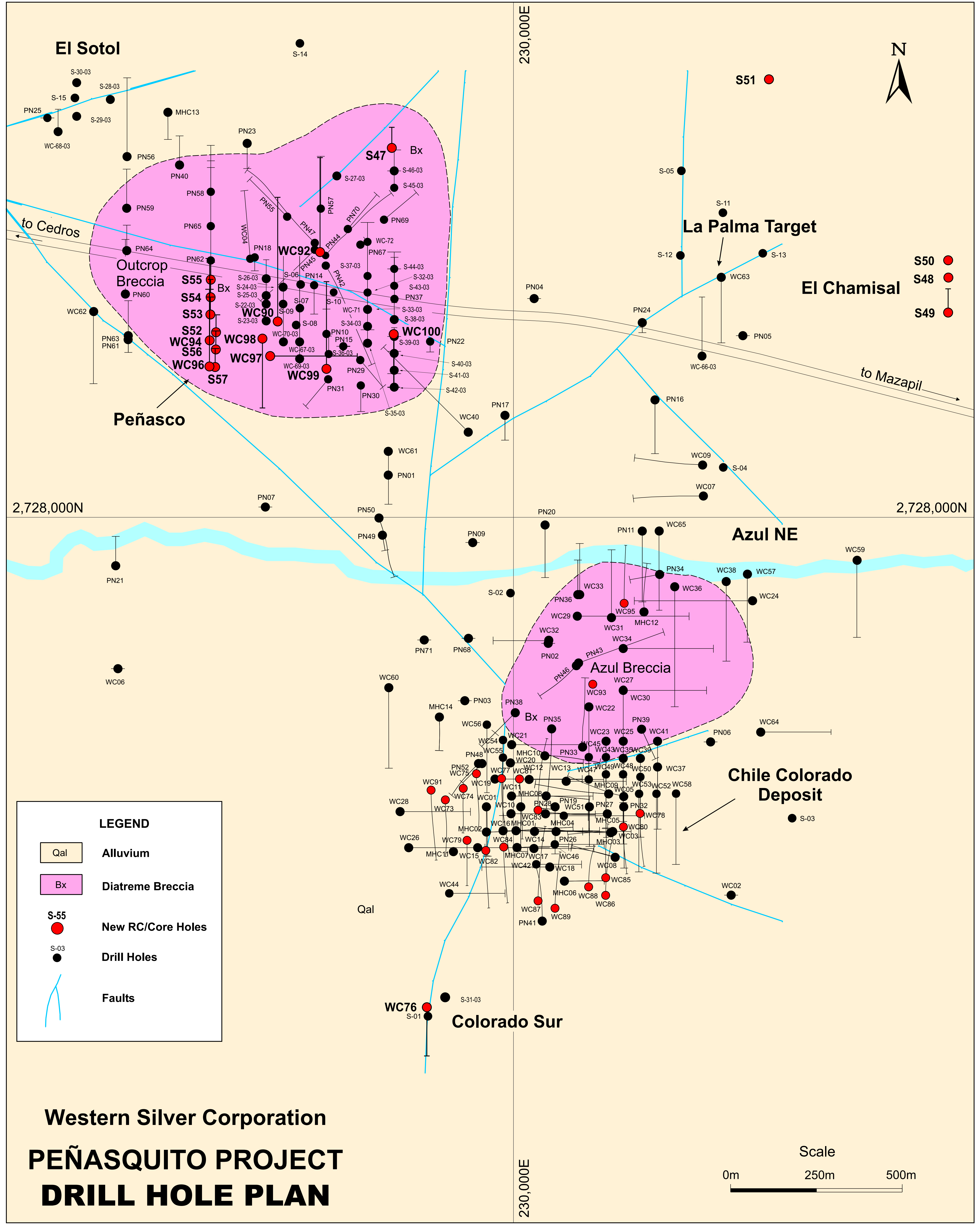
- Joseph Litnosky, the new Vice President Finance, has nearly twenty years experience in business, corporate finance, and financial management. He was formerly manager of Finance and Administration for Billiton Metals Canada Ltd. and the BHP Billiton Investment Group; CFO for Glacier National Life Assurance Company, a Canadian national insurance company; and CFO for various junior mining companies.
- Jeffrey Giesbrecht, Vice President, Legal, completed his degree in engineering geophysics in 1989 and worked in mineral exploration throughout North America before receiving a law degree in 1994. Throughout his legal career he has specialized in mining and securities law and has acted as Western Silver's General Counsel since 1998.
- Gerald Prosalendis, Vice President of Corporate Development, held the equivalent position at Dia Met Minerals Ltd. where he was involved in development of Ekati, Canada's first diamond mine, and the sale of that company to BHP Billiton for over US\$500 million. Mr. Prosalendis has consulted to Anderson & Schwab Inc., a mineral and business consulting firm; was business editor of The Vancouver Sun; and was senior counselor to James Hoggan and Associates, Western Canada's leading communications firm.
- Jonathan Clegg, Project Manager, has nearly 30 years of experience in the design, management and construction of mining projects, covering all phases of project development from initial studies to project start-up. From 1974 to 1979 Mr. Clegg worked in South Africa on a number of projects before joining Kilborn Engineering, where he rose to the position of Vice President and General Manager of Kilborn Engineering Pacific Ltd. in 1999. Since he left Kilborn in 2002 he has consulted to Western Silver and other mining companies.

CONCLUSION

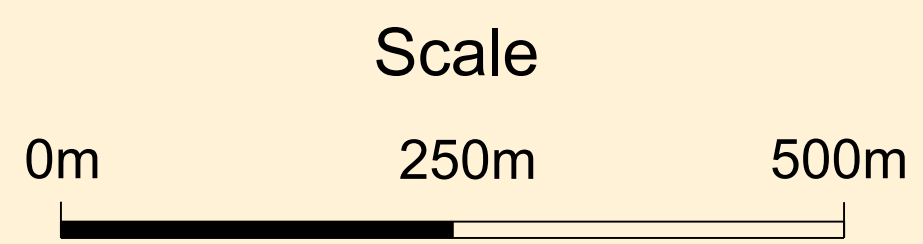
The past two years has been a period of remarkable progress for Western Silver. Chile Colorado, the initial area of focus at Peñasquito, the Company's flagship silver project in Mexico, has advanced to pre-feasibility engineering. The resource is already larger, the grade is better, and the expected capital cost is less than initially expected. Furthermore, the Outcrop zone could well end up being larger and higher grade than Chile Colorado, and there are numerous other exploration plays that are likely to sustain a flow of good exploration news coming even as the most advanced areas of the project move towards the detailed engineering phase.

The string of discoveries at El Sotol, La Palma, and now El Chamisal are particularly exciting with good gold grades and even the potential for initial, smaller-scale underground mining. In any case, there is an increasing likelihood that production rates will be expanded from the initial 22,000 tons per day outlined in the scoping study. Peñasquito is proving up to be a mining camp, and not just a single, albeit very large deposit.

Western Silver has also made enormous progress on the corporate front. In addition to its name change last year to reflect its focus on silver at Peñasquito instead of copper at San Nicolas and Carmacks, the Company completed a successful listing on the American Stock Exchange, where its shares trade twice as actively as in Canada. The strengthened management team reflects Western's determination to advance its projects, taking control of its own destiny as opposed to waiting for a suitor to acquire the Company. Of course, that is not to imply that the Board would not carefully consider an appropriate offer for the Company.



Western Silver Corporation
PEÑASQUITO PROJECT
DRILL HOLE PLAN



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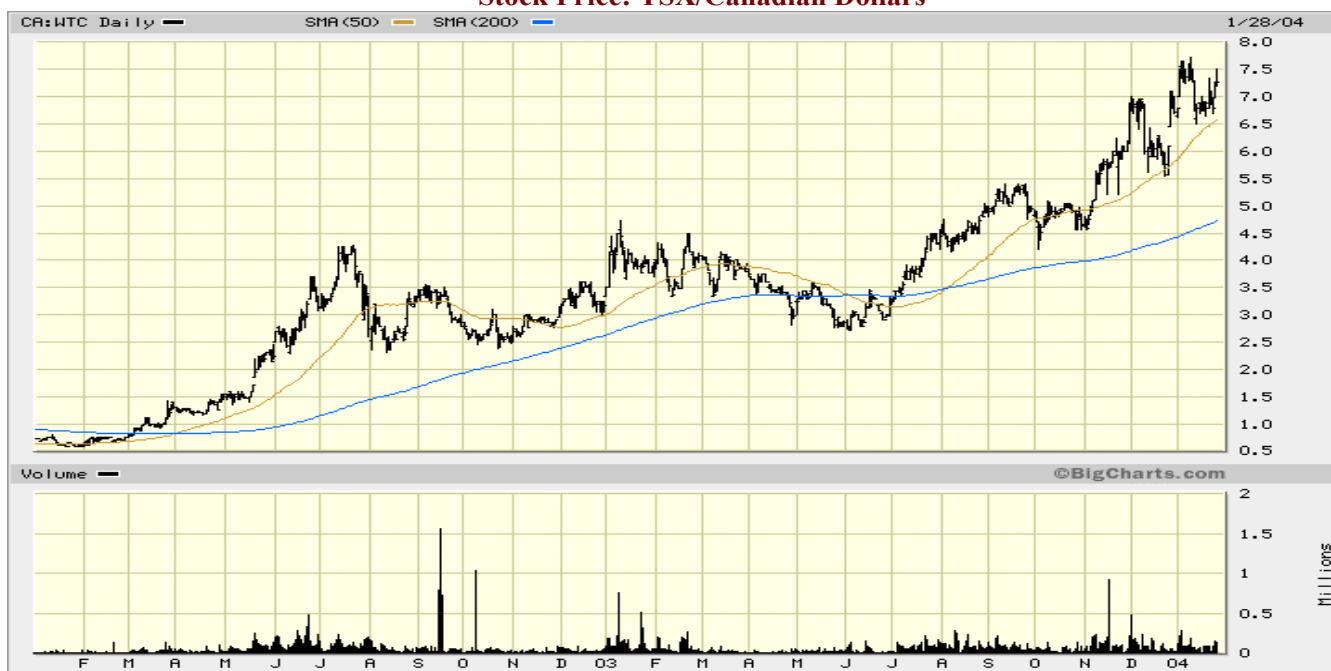
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Stock Price: TSX/Canadian Dollars



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