

WESTERN SILVER CORPORATION
HIGH GRADE GOLD DISCOVERED AT PEÑASCO

REINFORCES EXPECTATION THAT CHILE COLORADO IS ONLY PART OF THE PEÑASQUITO STORY

Western Silver Corporation has announced bonanza-grade gold intercepts from its current drill program at the Peñasco zone of its 100%-owned Peñasquito project in north-central Mexico. This announcement confirms our expectation that Western will report good exploration results while advancing the Chile Colorado zone towards a formal production decision. Results to date indicate that Peñasco could be bigger than, and economically more attractive than, Chile Colorado. In our update of April 2004 we concluded that the PV₅ of Chile Colorado alone is greater than Western's enterprise value.

One of the rare features of Western Silver's 100%-owned Peñasquito project in north-central Mexico is that it combines different deposits that are at both the exploration and the engineering phase. The recent publication of a positive pre-feasibility study on the Chile Colorado has now been followed by some spectacular results from the first phase of the major drill program scheduled for 2004.

Peñasco now appears to be at least comparable in terms of overall dimensions to Chile Colorado. However, extensive shallow oxide mineralization and the recent discovery of high grade gold mineralization indicates the potential for significant economic enhancements when compared with Chile Colorado.

The newly discovered high grade zone was intercepted in two holes – WC-112 and WC-117 – drilled approximately 50 meters (165 feet) apart, slightly east of the center of the Outcrop Breccia. WC-112 hit two zones totaling nearly 60 feet in thickness with a weighted average grade in excess of one ounce of gold per ton. WC-117 hit nearly 20 feet averaging 0.76 ounces of gold per ton, approximately 300 feet vertically deeper than the WC-112 intercept. Western has traced the zone from holes WC-107 to the east-northeast of WC-112 and WC-116 to the west-southwest of WC-117, covering a distance of approximately 1,000 feet. Further drilling will be required to establish whether the zone represents a high grade gold deposit that may be amenable to underground mining prior to open-pit development.

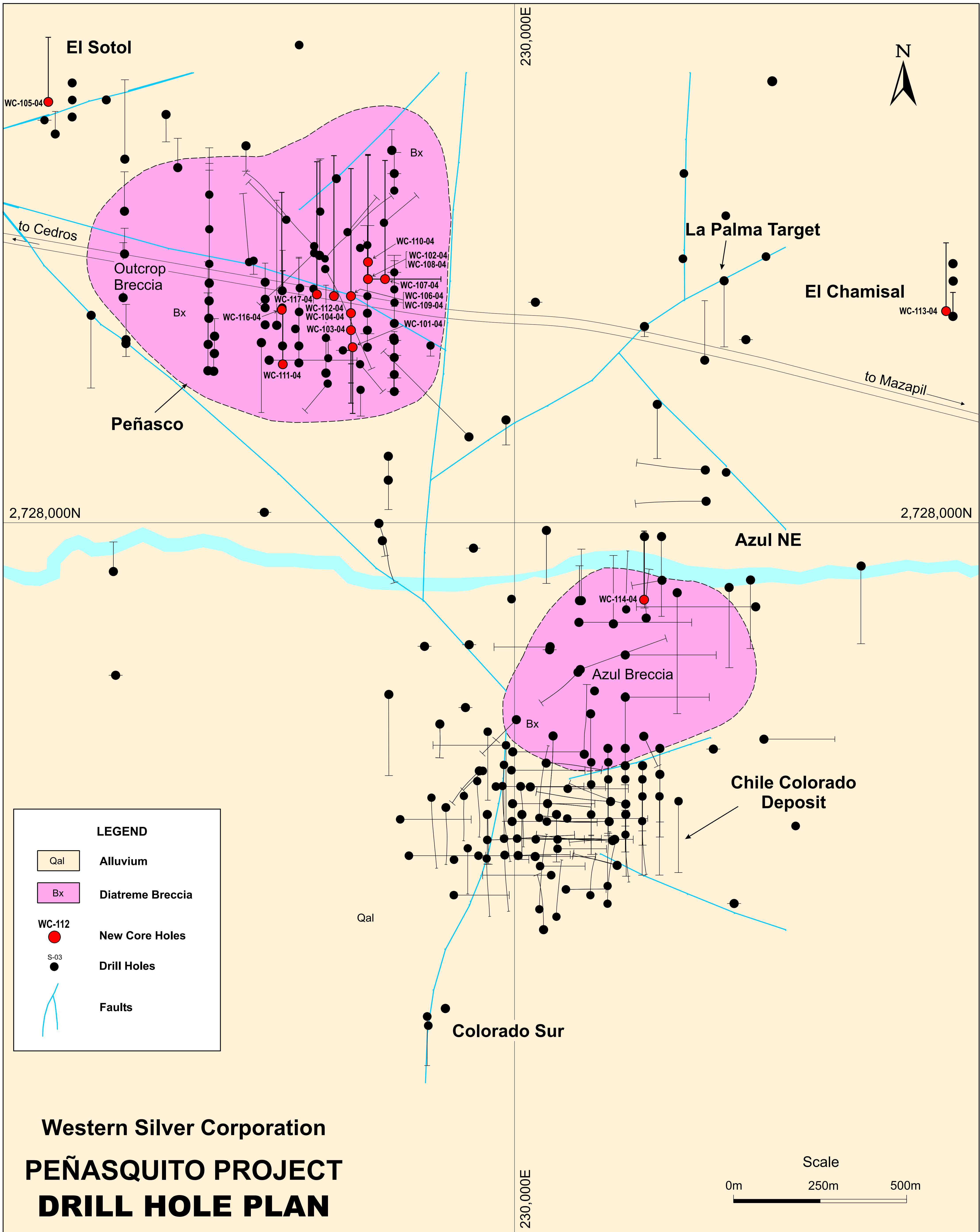
Western's geologists have speculated that there may be an east-west structure extending more than 3,500 feet from the Outcrop Breccia through La Palma to the east; Western previously reported 20 feet of 0.58 oz/st gold in drill hole WC-63 at La Palma.

Western plans at least 130,000 feet of drilling in 2004, of which it has completed approximately 50,000 feet in 30 holes, and received assay results for 16 holes. Once drilling at Peñasco is complete, the Company will prepare a resource estimate that, we expect, will be incorporated into the full feasibility study during 2005.

Results from Peñasco indicate that Peñasquito could well be at least three or four times larger than the mineable resource used in the Chile Colorado pre-feasibility study. That report, which we reviewed in our April update, contemplated mining approximately 125 million ounces of silver *in situ* and projected healthy economics for Chile Colorado on a stand-alone basis.

Exchange	Amex	Toronto	Shares out. (12.31.03)	(millions)	38.176
Ticker	WTZ	WTC	Float	(%)	79%
Price (05.07.04)	(US\$) 5.14	(C\$) 7.09	Options & warrants	(millions)	4.68
52 week: high (04.07.04)	(US\$) 9.03	(C\$) 11.84	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	358,400	143,400	Cash on option/warrant exercise	(US\$ mm)	7.17
Fiscal year: September 30			Market capitalization	(US\$ mm)	196.225

See Important Notice on the last page of this report



El Sotol



WC-105-04

Outcrop Breccia

Bx

La Palma Target

El Chamisal

WC-113-04

to Cedros

to Mazapil

Peñasco

2,728,000N

2,728,000N

Azul NE

Azul Breccia

Bx

Chile Colorado Deposit

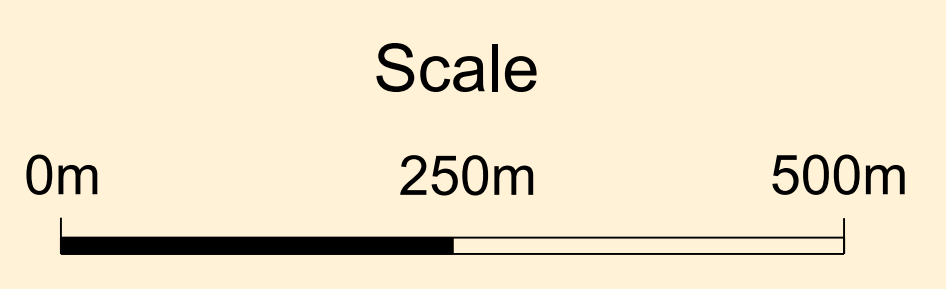
Qal

Colorado Sur

LEGEND

- Qal Alluvium
- Bx Diatreme Breccia
- WC-112 New Core Holes
- S-03 Drill Holes
- Faults

Western Silver Corporation
PEÑASQUITO PROJECT
DRILL HOLE PLAN



230,000E

230,000E

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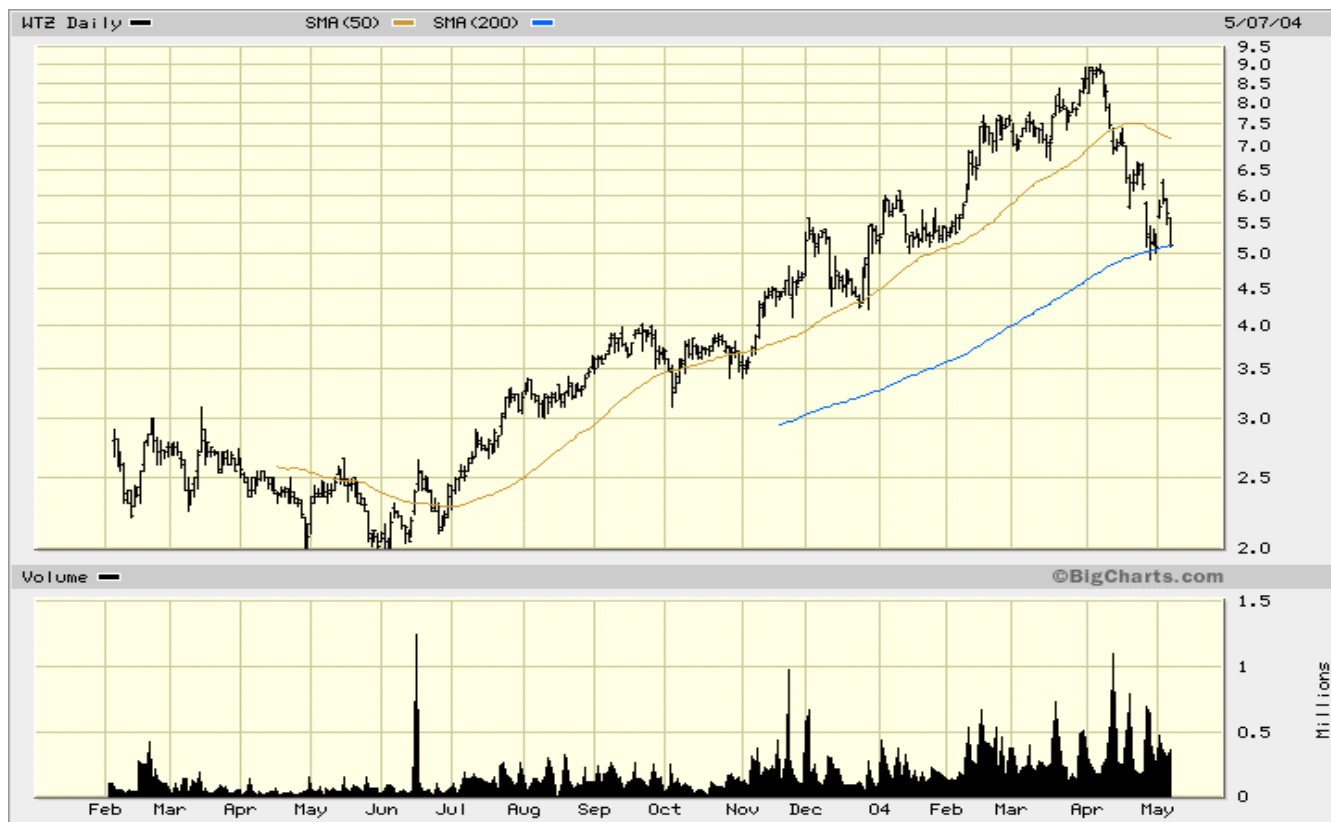
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