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ASX Announcement

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TALLY HO SILVER PROJECT - UPDATE

Earthworks, comprising track and pad construction and the associated cultural heritage clearance will begin next week to provide access for the next phase of drilling on the Tally Ho Project.

A contract for 3,000m of Reverse Circulation (RC) drilling was awarded to Aqua Drilling of Melbourne, to commence drilling at the beginning of June.

The aim of the drilling is to test at least five new targeted areas that have been generated by the recently completed soil geochemical and rock sampling programmes (Figure 1). This recently investigated area comprises 1.5km by 1.5km and has revealed mineralised breccia zones and basemetal and precious metal anomalism extending off the margins of the area. One of the target areas to be drilled occurs in the south-west corner of the area (approximately 750m south-west of the initial drill area) where rock chip sampling of 2 breccia outcrops (75m apart) produced results of 8m at 14g/t silver, 0.94g/t gold and 4m at 22g/t silver and 1.57g/t gold. These are the first outcrops where gold has been found associated with silver and base metals in surface outcrops.

Groundwork EMS Pty Ltd, the resource consultancy contracted to complete a reserve estimate at Tally Ho, has advised that it is unable to complete the resource modeling in the agreed timeframe due to serious health issues associated with their resource consultant. Macmin sincerely regrets this delay in completing the Tally Ho resource estimate but unfortunately the delay is completely out of our control. Macmin has appointed F.J. Hughes and Associates to undertake this resource estimation work. Based on the consultant's advice we expect to be able to announce this estimate in June.

Yours faithfully,

Garry Edwards
CHIEF EXECUTIVE OFFICER

The information in this report that relates to Exploration Results is based on information compiled by Denis O'Neill, who is a Member of The Australasian Institute of Mining and Metallurgy. Denis O'Neill is employed by Macmin Silver Ltd.

Denis O'Neill has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Denis O'Neill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1

