



MACMIN SILVER LTD

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ASX Announcement

16th January 2008

TECHNICAL REPORT – QUARTER ENDED 31st DECEMBER 2007

1.0 SUMMARY & COMMENTS

Macmin Silver Ltd (Macmin) is a silver focused company whose primary projects are the Texas Silver Project, S.E. Queensland, Australia where the Twin Hills Silver Mine is located and the Tally Ho and Mt Scott Projects near Mackay, Central Queensland. Macmin has exposure to gold by way of an 14% equity in New Guinea Gold Corporation (NGG) and a 1% NSR royalty on production by NGG. In addition, Macmin maintains equity investments in junior Australian explorers, Malachite Resources NL and Frontier Resources Ltd.

- Silver powder production increased to 1,418kg (approximately 37,000oz contained silver) in the month of December.
- A contract was arranged for expansion of the crushing circuit and contract supervision of crushing operations.
- A rock chip sample from the new Kemps prospect has returned 310g/t silver.
- Mt Gunyan drilling intersects further encouraging results with MGD004 returning 2m @ 106g/t silver and 0.16% lead and 1m @ 116g/t silver and 3.16g/t gold.
- Soil sampling and mapping at the Tally Ho prospect has identified a large area of anomalous metal geochemistry, surrounding and along strike of the central prospect area.
- An entitlements issue was offered to shareholders on a 1 for 5 basis with one free listed option attached to every two new shares. The offer closes on 30 January 2008.
- This month has seen both silver and gold at 27 year highs.

2.0 TEXAS SILVER MINES PTY LTD

The Texas Project (EPMs 8854, 11455, and 12858; ML 5932 and ML 50161) is located 100km west of Stanthorpe. Texas Silver Mines Pty Ltd is a wholly owned subsidiary of Macmin Silver Ltd.

2.1 Twin Hills (ML 50161) - Development & Production Activities Summary

2.1.1 Silver Production & Sales

Silver production increased significantly during the quarter to approximately 46,000oz, particularly in December after the introduction in late November of continuous shifts to run the electro-winning plant. A sale of 280kg of powder (7,300oz contained silver) was made during the quarter.

2.1.2 Contract for Crushing Circuit Upgrade Stage 1

A contract for installation and operation of additional screening capacity consisting of a 6m by 2.4m three deck screen and six transfer conveyors has been awarded and includes the provision of an experienced crushing supervisor. The supervisor is expected to arrive in January 2008. The contractor estimates that the current upgrade will be completed by 15 May 2008.

2.1.3 Construction of Merrill Crowe Plant

A Merrill Crowe plant is required for extraction of silver from the leachate solutions once the level of contained silver falls below the efficient operating range of the electrowinning plant. Construction of a modular plant by the Company commenced in January. Once the first module has been commissioned additional modules will be constructed as required. The estimated cost of the first module is approximately \$150,000.

2.1.4 Additional leach Pad Construction

Earthworks were undertaken to prepare an additional leach pad area twice the size of the existing area. The mining fleet was used in the construction of the new pad area which resulted in less mining during the quarter, however, a substantial stockpile of ore is ready for crushing. The new leach pad will have the capacity to treat 400,000 tonnes of crushed ore and will be completed, lined and ready to use by March 2008.

The mine production statistics for the quarter are as follows:

A total of 130,000 tonnes was mined as follows:

- Ore 59,000 tonnes
- Low grade stockpile 8,000 tonnes
- Waste 63,000 tonnes

There is 97,000 tonnes of ore on the stockpile ready for crushing.

3.0 EXPLORATION

3.1 Texas Project

3.1.1 Mt Gunyan Prospect

Macmin Silver Ltd has recently received assay results for 4 drill holes as part of our ongoing resource definition drilling programme at Mt Gunyan.

Diamond drilling in the northern portion of the Mt Gunyan prospect has confirmed the previously interpolated strike length of the northern mineralised zone. Highlights of the drill holes are as follows:

- MGD004 2m (16-18m) @ 106g/t silver and 0.16% lead
1m (95-96m) @ 116 g/t silver and 3.16 g/t gold**
MGD007 6m (40-46m) @ 60 g/t silver, 0.1g/t gold, 0.14% lead and 0.11% zinc

Further drilling, targeting the shallow areas of mineralisation at Mt Gunyan, will be ongoing in the January-March 2008 quarter. The style of mineralisation encountered in the shallow areas of the Mt Gunyan prospect show some similarities to the ore material currently being mined at Twin Hills.

Follow-up deep diamond drilling targeting the massive sulphide mineralisation recently encountered at Mt Gunyan (ASX release dated 13 November 2007) is also planned for the upcoming quarter.

3.1.2 *Kemps Prospect*

At the newly identified Kemps prospect (which is situated approximately 3km north-west of the Twin Hills Silver Mine) a small programme of percussion drilling has been completed. This programme targeted an area of elevated soil geochemistry (defined by recent infill soil sampling (100 x 20m)) which is co-incident with the previously reported (ASX release dated 13th November 2007) elevated rock chip samples.

A total of 16 angled holes were drilled for 320m, with the best results summarised below:

KMP001	10m (0 to 10m) @ 24g/t silver and 0.3g/t gold
KMP009	10m (10 to 20m) @ 9.6g/t silver and 0.47g/t gold

During this drilling programme additional rock chip samples were collected from areas of outcrop and sub-crop within the greater prospect area. Nine rock chip samples over a 900m strike length returned assay results of greater than 1.5g/t silver, with one sample returning a **very strong result of 310g/t silver**.

This strong rock chip result highlights the potential for this new and untested prospect to host high grade silver mineralisation, with similar characteristics to material being mined at Twin Hills.

Further exploration of the Kemps prospect is planned for the coming quarter, including further shallow percussion drilling targeting the sub-crop area which has returned the 310g/t silver sample.

3.2 **Tally Ho Silver Project**

3.2.1 *Tally Ho Prospect*

Results from a soil sampling programme completed during the last quarter, undertaken over an area of approximately 2 sq km, has identified a large zone of coincident metals anomalism.

Recent mapping has located more outcrops of breccia which are either co-incident with or on the margin of the zinc and silver soil anomalies, highlighting their prospectively to host further mineralisation similar to that intersected in previous drilling.

Drilling undertaken by Macmin during 2006/2007 will be the subject of a resource calculation during 2008. It is encouraging to note that the recent soil sampling programme has significantly expanded the area of interest to be drill tested in 2008 once the northern 'wet season' is over.

3.3 **Boonoo Boonoo Project**

Recently received assay results from a regional soil sampling programme completed during the quarter are currently being plotted and reviewed. An initial brief assessment of the results indicates that a number of previously unidentified lodes may have been located, while a number of previously mapped but un-sampled lodes show elevations in a number of elements.

Review of these results and associated rock chip samples is ongoing.

3.4 **Rivertree Project**

During the past quarter a stream sediment sampling programme in conjunction with prospecting and rock chip sampling has been completed. Results are pending.

4.0 CORPORATE

The Company announced an Entitlements Issue on 20 December 2007.

The purpose of the issue is to allow the Company to pursue its objective of consolidating its unique position as the premier silver focused company in Australia. This will be done by upgrading of the Twin Hills Silver Mine as well as undertaking exploration and acquisition activities to increase the silver resource base of the Company.

Details of the Entitlements Issue

Macmin is making a non-renounceable Entitlements Issue of up to approximately 92.4 million fully paid ordinary shares at 20 cents per New Share. Every two New Shares will be accompanied by a free New Option exercisable at 25 cents on or before 30 October 2008. If fully subscribed, the Issue will raise up to a maximum of approximately \$18.5 million.

Shareholders registered or entitled to be registered at 5pm Australian Eastern Standard Time on 3 January 2008 are offered 1 New Share for every 5 Shares then held, at an issue price of 20 cents per New Share. Shareholders may apply for New Shares and New Options in excess of their entitlements.

Following quotation, the New Options may be bought and sold on the ASX in the same way the shares are traded.

The Prospectus, with personalised Entitlement and Acceptance Form, was mailed to shareholders on 7 January 2008. The Prospectus may be viewed at www.macmin.com.au.

5.0 INVESTMENTS

Macmin maintains equity investments in the following public companies with exposure to the precious and base metals sectors. Information and releases about these companies' activities can be found on each company's website.

Company	Shares	Market Value 31 Dec 2007
<i>New Guinea Gold Corporation (TSX) www.newguineagold.ca</i>	<i>17,847,020</i>	<i>\$11,841,232</i>
<i>Malachite Resources NL www.malachite.com.au</i>	<i>1,500,000</i>	<i>\$442,500</i>
<i>Frontier Resources Ltd www.frontierresources.com.au</i>	<i>5,425,000</i>	<i>\$705,250</i>

6.0 NEW GUINEA GOLD

New Guinea Gold Corporation (14% Macmin) continued with exploration, mine development and gold production during the quarter. Press releases by NGG are available at www.newguineagold.ca.

A list of the most significant press releases from NGG since the last quarterly report are attached at Appendix B.



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.

SELECTED ASX RELEASES SINCE LAST QUARTERLY REPORT

19th December 2007: COMPANY OPERATIONS UPDATE

TWIN HILLS MINE

Silver Powder Production

Silver powder production for November was 10,400oz and production to date in December is 32,500oz. Production is significantly higher to date in December, due mainly to the continuous shift operation introduced for the electrowinning plant in late November. There is 41,800oz of silver powder in storage.

Production is expected to increase as irrigation is extended to cover the remainder of the current 150,000 tonnes on the leach pad and take a step up when a higher rate of crushed ore becomes available from the upgraded crushing circuit.

Process Improvements

A Merrill Crowe plant is required for extraction of silver from the leachate solutions once the level of contained silver falls below the efficient operating range of the electrowinning plant. Construction of a modular plant by the Company will commence in January. Once the first module has been commissioned additional modules will be constructed as required. The estimated cost of the first module is expected to be approximately \$150,000.

Mining and Leach Pad Construction

Mining operations are currently in advance of crushing, with stockpiles of 95,000 tonnes on the crusher run-of-mine pad and 109,700 tonnes of material on the low grade pad at the end of November. This has enabled items of mining equipment to be utilized in earthworks for construction of the next leach pad area to the west of the current pad and ponds.

This next pad area will have the capacity to hold approximately 400,000 tonnes of agglomerated ore. The pad area and associated drain launders to the existing storage ponds will be lined with high density polyethylene and ready to receive stacked ore by the end of March 2008.

Current crushing production is being placed on the existing pad which has a capacity to hold an estimated 200,000 tonnes on its first lift of 8m high.

Crushing Circuit – Upgrade Stage 1

A contract for installation and operation of additional screening capacity consisting of a 6m by 2.4m three deck screen and six transfer conveyors has been awarded and includes the provision of an experienced crushing supervisor. The supervisor is expected to arrive in January 2008. However, due to a heavy workload, the contractor now estimates that the current upgrade may not be completed before 15 May 2008 although every effort will be made to complete earlier.

The additional screening capacity will extract more fine material (less than 4mm) between the existing jaw and cone crusher for sending direct to the agglomeration and stacking stage. This is designed to increase overall throughput and reduce wear and cost in the later stage of vertical impact crushing equipment which is currently exacerbated by recirculation of excessive fine material.

An additional benefit of the increased screening capacity will be the ability to increase the density of blasting patterns to produce more fines during blasting which will reduce the load on the crusher capacity.

The contractor's supervisor will monitor and oversee the performance and maintenance of the entire crushing circuit and recommend further improvements and refinements which can be made once the impact of the first stage upgrade is assessed and quantified.

SELECTED ASX RELEASES SINCE LAST QUARTERLY REPORT

EXPLORATION AND PROJECT ACQUISITION

As mentioned in the last update, the Company continues to increase its interest in silver/zinc/lead projects throughout Queensland to provide for future advancement and expansion of operations. **This strategy underpins the long-term focus of the Company to seek out high quality silver resources for development.** The following provides a summary of recent changes in the Company's exploration tenement interests.

Central Queensland

Tally Ho Project

Exploration Permit for Minerals 15168 (EPM15168 – **Connors Range**), (ASX releases dated 9th May 2006 & 13th September 2006) was granted on 16 November 2007. The Connors Range EPM surrounds the recently drilled Tally Ho silver prospect and covers the south-eastern portion of the Tally Ho Intrusive Complex (THIC).

The grant of the Connors Range EPM paves the way for continued exploration along strike (in both directions) from the already identified mineralization of the Tally Ho Silver prospect. Further drilling targeting a number of along strike positions and areas adjacent to the already identified mineralization is planned for the first half of 2008.

A second Exploration Permit for Minerals (EPM15775 – **Denison Creek**), which covers the northern portion of the THIC and adjoins EPM15168, was granted on 30 October 2007. This EPM had been previously been referred to as 'Pisgah' in an ASX release dated 13th September 2006.

The grant of both the Connors Range and Denison Creek EPM's allows Macmin to undertake regional exploration of the THIC, which we believe could host additional previously unidentified Intrusive Related Mineralising Systems.

Mt Scott Project

Exploration Permit for Minerals 15854 (EPM15854 – **Mt Scott**) was first mentioned in an ASX release dated 13th September 2006.

Subsequent to our initial positive results from drilling at the Tally Ho silver prospect, a review of the available literature identified a number of prospects (Mt Scott, Mt Scott South and Kelvin's) associated with the Mt Scott Granite which are described as having similarities to the Tally Ho mineralising system, and have seen little to no follow-up exploration.

The Mt Scott EPM covers these prospects and an initial field inspection will be undertaken in early 2008, with a view to planning follow-up exploration as appropriate.

In addition to the regular quarterly reports, the Company will continue to provide operations updates as progress is made.

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SELECTED ASX RELEASES SINCE LAST QUARTERLY REPORT

13th November 2007: (extract) GOOD RESULTS FROM MT GUNYAN DRILLING

Macmin Silver Ltd has recently received assay results for 4 drill holes from our ongoing drilling programme at the Mt Gunyan prospect.

Diamond drilling in the central portion of the prospect has bolstered current mineralised zones and enhanced the depth potential in the area with the intersection of massive sulphide mineralisation in MGD15. While drilling to the east has extended the new mineralised zone recently identified (ASX Release 25 September 2007). Highlights of the drill holes are as follows:

- MGD12 6m (30-36m) @ 33g/t silver, 0.24% lead
 Including 2m @ 116g/t silver and 0.6% lead**
- MGD13 2.5m (133.87-136.37m) @ 79 g/t silver, 0.1% lead and 0.19% zinc
 Including 1.03m @ 120g/t silver, 0.07% lead and 0.13% zinc**
- MGD15 3.4m (129-132.4m) @ 39 g/t silver, 0.89g/t gold, 1.4% lead and 2.5% zinc
 Including 0.38m @ 176g/t silver, 6.52g/t gold, 9.2%lead and 16.9% zinc**

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7th November 2007: (extract) CONVERTIBLE NOTE FUNDING

The Company today received advice of the release of the first tranche (50%) of the Convertible Note funding announced on 19 September 2007.

Net US\$4,150,580 will be received after deduction of establishment fees and the first 6 months' interest.

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30th October 2007: (extract) SALE OF SILVER POWDER

As foreshadowed in the Company's announcement of 15th October 2007, the first sale of silver, in powder form, has been made from the Twin Hills Silver Mine. This first trial shipment of powder contained approximately 200kg of silver (6,450 ounces) and although a relatively small batch, its significance lies in the fact that it represents the first commercial sale of our silver product from the mine gate.

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NEW GUINEA GOLD CORPORATION - TSX RELEASES SINCE LAST QUARTERLY REPORT

29th October 2007

WEIOKO DRILLING INTERSECTS 1.6m AT 14.15g/t GOLD and 7.3m at 2.46g/t GOLD

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10th November 2007

**MANAGEMENT DISCUSSION & ANALYSIS
For the 3 Month Period Ended September 30, 2007**

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29th November 2007

**COMMERCIAL GOLD PRODUCTION AT SINIVIT
IMWAUNA SYSTEM EXTENDED BY 300M – CORPORATE RESTRUCTURE**

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3rd December 2007

NEW GUINEA GOLD STRENGTHENS PNG MANAGEMENT

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