



# MACMIN SILVER LTD

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28<sup>th</sup> July 2006

## COMPANY ANNOUNCEMENTS OFFICE

### TECHNICAL REPORT – QUARTER ENDED 30<sup>th</sup> JUNE 2006

#### 1. SUMMARY & COMMENTS

Macmin Silver Ltd (Macmin) is a silver focused company whose primary project is the Texas Silver Project, S.E. Queensland, Australia. Macmin has exposure to gold by way of an 18% 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.

- Construction of mine infrastructure at Twin Hills is near completion.
  - Contract for mining equipment finalised, mining equipment arriving on-site.
  - Installation of crushing circuit and overland conveyors is complete.
  - Storm containment dam construction is progressing well.
- Further silver mineralisation encountered in drilling at Rivertree Project.
- European Road Show was successfully undertaken.
- New Guinea Gold Sinivit Mine development advances.

## **2. 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 Activities**

During the quarter, construction was completed on much of the crushing and processing infrastructure that is required prior to the start of commissioning and mining at Twin Hills. As we approach production commencement, relationships are being established with the supervisory statutory authorities that oversee the Twin Hills Mine. Site inspections by officers of the Safety and Health Mines Inspectorate from the Department of Natural Resources and Mines were carried out during the quarter. An inspection of electrical equipment and electrical installation was undertaken by the Electrical Inspector and reported as very good. An audit of Training Systems and Assessment of Competencies was also carried out by an Inspectorate Officer as part of ongoing audit of all aspects of safety and health issues relating to mining operations.

An inspection was held on site on July 20 with six officers of the EPA (Environmental Protection Agency) as a precursor to drafting the conditions for the Environmental Approval (EA) which is required for the operation. The EA is the document which defines all environmental conditions (i.e. which affect fauna, flora, cyanide management, acid mine drainage, etc.) by which the Company must abide (favourable comments were received by the EPA officers on the status and presentation of the site).

The storm containment dam and the waste dump are two important areas governed by the conditions of our Environmental Approval. The storm containment dam is the mainstay of our cyanide management plan and in the event of a 1 in 100 year storm event, will hold all processing solutions on the mine site. The waste material encompassing the deposit contains small amounts of pyrite, a mineral that when exposed to air and water can produce small amounts of acid. In order to minimise any resulting adverse environmental impacts, a drainage layer of benign (i.e. no contained pyrite) rock is currently being designed to be placed under the waste dump, prior to commencement of waste extraction. A significant quantity of benign rock has been identified in the storm containment dam area. This will be blasted to provide large competent rocks for the drainage layer. An additional benefit will be the increase in capacity of the storm dam.

As part of the Company's commitment to community liaison, 95 residents of the township of Texas took the opportunity to tour the site on Saturday, July 8. Growing interest in the project is being shown by the community as the number of visitors doubled since the initial tour in July 2005.

The current development schedule sees mining of waste and ore starting at the end of September and heap construction and solution irrigation through October and November followed by commissioning of the Electrowinning plant in December leading to the commencement of silver production.

A brief summary of other site development activities is as follows:

- Grade control drilling over the top 15m of the initial planned pit has been completed. Mine scheduling and planning is currently underway utilising this data, under the supervision of recently appointed Mining Engineer, Norm Davidson.
- Mearns Environmental Contracting supplied the three Caterpillar 773B off-highway rear dump trucks to site in mid July. The Komatsu PC1000 excavator is scheduled to be on site by the end of July. Minesite staff have begun familiarisation training with this equipment.
- The crushing circuit installation is now complete, as is the placement of the overland conveyor. The power plant has been fully connected and 'dry run' tests on the conveyors have been carried out.
- The Electro-winning circuit (EM-EW) is now largely completed. The 180 cell plant will produce silver powder from the heap leach solution and is housed in a building situated beside the leach ponds (reference photos – Macmin website; [www.macmin.com.au](http://www.macmin.com.au)).

### 3. EXPLORATION

#### 3.1 Rivertree

The Rivertree Project forms part of a Joint Venture Agreement with Malachite Resources N.L. whereby Macmin was able to earn a 75% interest by funding on-going exploration of \$500,000 by November 2007. The recently completed drilling programme fulfilled this funding obligation by Macmin. **2,892** metres of RC drilling was completed for a total of **38** holes. Drill testing was undertaken at three prospects – namely Silver King, Spring Gully and Big Block. The best intercepts recorded at each prospect are listed as follows:

- Spring Gully, **2m at 250.5 g/t Silver, 0.35 g/t Gold, 0.32% Zinc and 0.45% Lead** in hole SGRC14 from 26m downhole.
- Silver King, **1m at 147 g/t Silver** in hole SKRC12 from 17m downhole;
- Big Block, **3m at 78 g/t Silver, 0.56% Zinc, 0.79% Lead** in hole BLRC2 from 192m downhole.

##### 3.1.1 Spring Gully Prospect

**24** holes (SGRC05 to 28) were drilled for a total of 1,545m with an average hole depth of approximately 65m. The bulk of the drilling tested the Spring Gully lode system over a strike length of 750 metres. The central and southern section of the lode system is interpreted to consist of a number of parallel lodes within a 50-60m corridor, which is centered along a diorite dyke system/swarm, within a medium grained granodiorite. The lodes are well developed with associated quartz veining/veinlets and alteration (sericitic, potassic and/or chloritic), within a larger zone where quartz veining and associated alteration occur. Section 4 (Fig 1) illustrates a cross section through the central part of the lode system and shows the position of the intercept in hole SGRC14.

The results of the drilling have demonstrated that a significant silver mineralising system exists at Spring Gully. The identification of a number of sub-parallel lodes holds out the possibility that where they coalesce significant economic widths of silver mineralisation might be located and thus represents a viable target for Macmin to pursue.

##### 3.1.2 Silver King

**12** holes were drilled for a total of **958** metres. Although the lodes are clearly defined geochemically, the silver values were not as elevated as the Spring Gully lodes and thus the drilling results have downgraded the prospect. In the area where Malachite had previously returned their best intercept of 1m at 291 g/t Silver from 29m (SKRC02) we encountered an intercept of 1m at 147 g/t Silver from 17m (SKRC12).

##### 3.1.3 Big Block Prospect

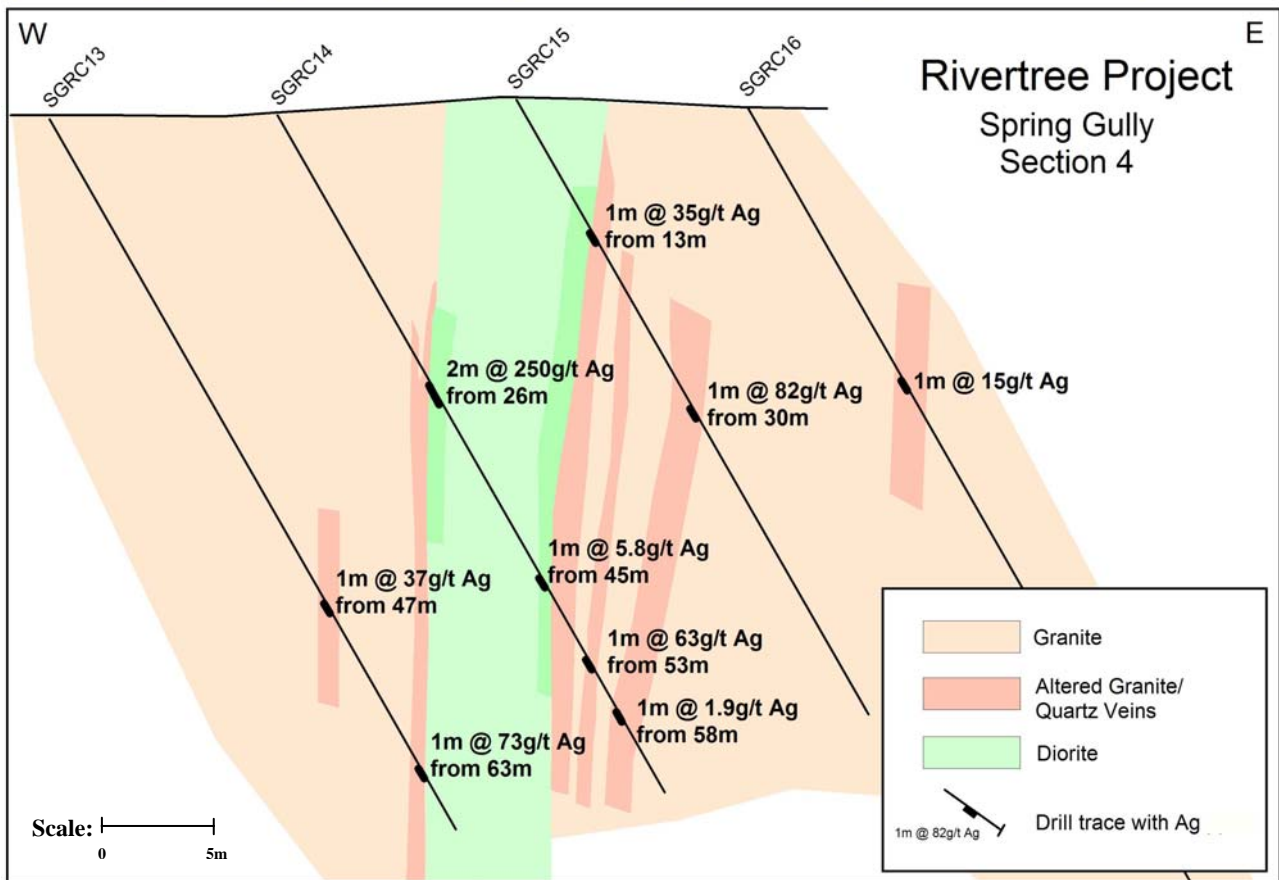
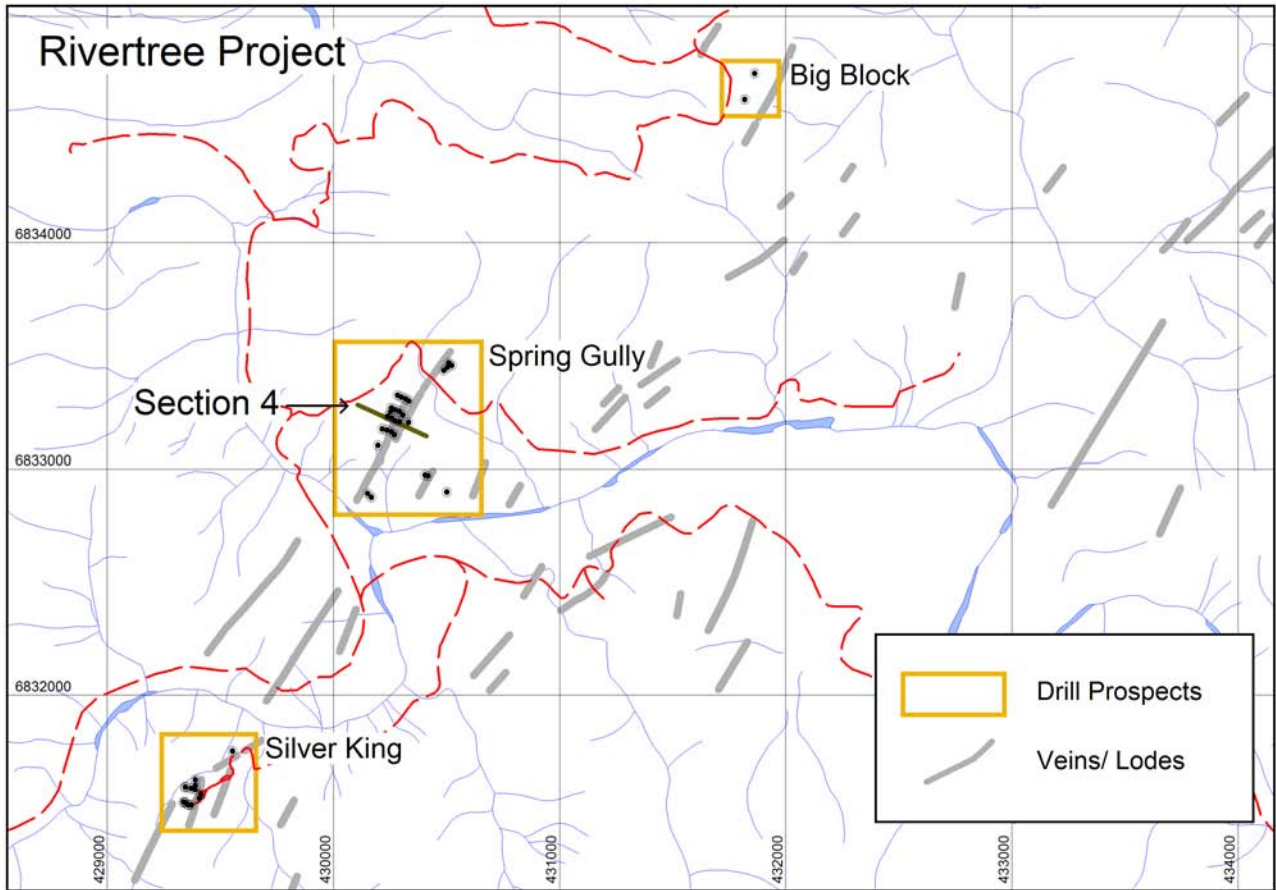
Two holes were drilled for a total of 389 metres. Unfortunately, constraints imposed by topography meant that drill holes were sited a considerable distance from the lode to be tested, resulting in target depths of 200m. Poor ground conditions resulted in hole BLRC01 not reading its target depth. Hole BLRC02 did intersect the target lode at 192 downhole intersecting 3 metres at 78 g/t Silver, 0.56% Zinc and 0.79% Lead from 192m downhole, which was located within a broader geochemically elevated zone from 191 metres to end of hole at 201 metres.

The drilling programme did not provide an adequate test of the lode systems and further drilling will be required. The general area around the Big Block lodes requires further geochemical soil sampling (ridge and spur) and further prospecting and mapping to locate further targets.

**Selected Assays Rivertree: > 20g/t Ag: Silver King, Spring Gully and Big Block and >0.5% Pb and Zn (ie >5000ppm). All 1m sample intervals.**

Hole No.	GDA94 Zone 56		From (m)	To (m)	Ag (g/t)	Zn (ppm)	Pb (ppm)	Au (g/t)
	East	North						
SGRC01	430254.20	6833251.20	37	38	43.8	2900	2280	0.11
SGRC01	430254.20	6833251.20	38	39	85.3	1485	817	0.07
SGRC01	430254.20	6833251.20	58	59	47.9	1480	6260	0.12
SGRC02	430333.70	6833203.00	37	38	40.7	4630	2520	0.53
SGRC03	430197.90	6833102.20	41	42	49	4620	1300	0.3
SGRC04	430168.20	6832875.80	96	97	51.5	9900	7060	0.03
SGRC04	430168.20	6832875.80	97	98	70	9400	9500	0.18
SGRC04	430168.20	6832875.80	125	126	21.9	2800	758	0.06
SGRC05	430282.90	6833324.70	53	54	42	5800	1630	0.26
SGRC06	430300.70	6833317.20	14	15	40	3610	3040	0.26
SGRC06	430300.70	6833317.20	15	16	50	5100	2660	0.28
SGRC06	430300.70	6833317.20	42	43	40	2680	1740	0.16
SGRC07	430320.20	6833309.60	53	54	126	12400	14500	1.02
SGRC10	430273.70	6833260.40	21	22	43	1415	841	0.05
SGRC10	430273.70	6833260.40	24	25	105	14900	8300	0.6
SGRC10	430273.70	6833260.40	43	44	88	8300	7800	0.2
SGRC11	430292.00	6833253.30	29	30	234	11800	7300	0.1
SGRC12	430307.20	6833236.60	32	33	16.7	14900	1965	0.06
SGRC12	430307.20	6833236.60	33	34	1.4	6100	238	0.01
SGRC12	430307.20	6833236.60	34	35	42	7900	3140	0.53
SGRC12	430307.20	6833236.60	35	36	17.1	5900	1345	0.22
SGRC13	430240.10	6833231.70	47	48	37	5100	3070	0.13
SGRC13	430240.10	6833231.70	63	64	73	6500	9200	0.16
SGRC14	430258.00	6833224.10	26	27	471	2860	8300	0.56
SGRC14	430258.00	6833224.10	27	28	30	3560	703	0.15
SGRC14	430258.00	6833224.10	45	46	5.8	7400	563	0.06
SGRC14	430258.00	6833224.10	53	54	63	11500	9100	0.47
SGRC14	430258.00	6833224.10	58	59	1.9	12200	96	0.02
SGRC15	430274.20	6833210.10	13	14	35	1795	1290	0.19
SGRC15	430274.20	6833210.10	30	31	82	2660	1570	0.04
SGRC18	430235.80	6833170.60	29	30	32	460	1265	0.07
SGRC18	430235.80	6833170.60	53	54	19	6400	898	0.26
SGRC19	430256.90	6833163.60	20	21	21	5900	1160	0.09
SGRC19	430256.90	6833163.60	21	22	26	3980	510	0.23
SGRC19	430256.90	6833163.60	67	68	50	6400	6400	0.52
SGRC19	430256.90	6833163.60	68	69	48	9400	4300	0.52
SGRC20	430271.00	6833150.00	34	35	95	7900	8400	0.88
SGRC21	430504.60	6833448.60	53	54	14.2	8500	852	0.22
SGRC21	430504.60	6833448.60	54	55	21	12000	357	0.07
SGRC21	430504.60	6833448.60	55	56	85	7500	1370	0.06
SGRC27	430503.50	6832900.20	21	22	82	146	445	0.02
SKRC02	429243.49	6831404.08	29	30	291	8910	8760	0.17
SKRC04	429269.15	6831398.64	21	22	34	2960	2790	0.08
SKRC06	429287.40	6831413.11	38	39	32	1550	1750	0.1
SKRC10	429256.12	6831326.80	51	52	23	2110	1560	0.09
SKRC10	429256.12	6831326.80	52	53	36	15800	1570	0.1
SKRC12	429270.90	6831327.01	17	18	147	2470	1935	0.15
BLRC2	431710.00	6834450.00	192	193	45	1990	4700	0.06
BLRC2	431710.00	6834450.00	193	194	95	8800	16200	0.39
BLRC2	431710.00	6834450.00	194	195	94	6000	2880	0.18

**Fig. 1 Rivertree Drill Areas**



The following releases were made to ASX in the second quarter of 2006:

9<sup>th</sup> May 2006

**“MACMIN SIGNS OPTION TO PURCHASE AGREEMENT OVER  
TALLY HO SILVER PROJECT (CENTRAL QUEENSLAND)”**

Macmin’s prime focus is currently the development of the Twin Hills Silver Mine at the Texas Silver Project in Southern Queensland, which should see the start of silver production in the third quarter of 2006. The long term corporate strategy of Macmin is to expand its silver resources base in keeping with its stated aim of becoming a significant ‘primary silver’ explorer/developer in Australia.

To meet this strategy, the company continues to seek out high calibre silver projects and the **Tally\_Ho Silver Project** certainly provides us with such an opportunity.

Tally Ho is located 45 kms south-west of Mackay in central coastal Queensland, and consists of two (2) granted Mining Leases (ML’s 4770 and 4727), a surrounding Mineral Development Licence (Application MDL272) and a twenty-four (24) sub-block (78 sq. km) Exploration Permit for Minerals EPM 15168.

The Tally Ho workings consist of two short adits, a shaft and further afield, numerous shallow pits and trenches. The mine area was discovered around the turn of the century and selectively mined in a very small way from then until about 1915. The current mining leases have been privately held since 1974 and there has been no systematic surface exploration activity for silver, and **no drilling has ever been carried out**.

The tenement holders believe that the most comprehensive report on the property is that of Blanchard (Chief Geologist MIM, 1937), who examined and mapped some of the ‘greisen’ (‘dogstooth’ quartz vein) outcrops (Photo 1 & 2) in the area and carried out detailed channel sampling of the mineralisation along the 6 ft level (i.e. Adit No. 1), the 47 ft level (i.e. Adit No. 2) and the 64 ft level. Blanchard’s best results came from Adit No. 2 where he recorded **13.1m at 273g/t silver, 2.69% zinc, 2.6% lead and 0.68% copper**. He also recorded significant gold values but these could not be substantiated from re-sampling by the current tenement holders.

A table (Table No 1) is presented of the results of the Blanchard sampling and re-sampling carried out by the current tenement holders in 1991.

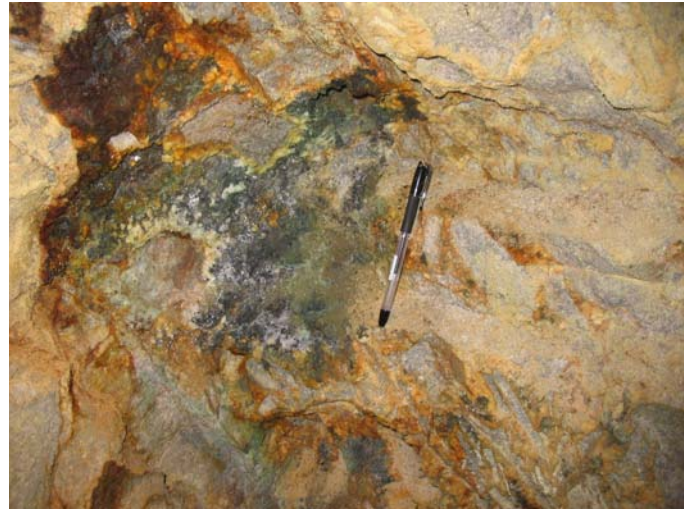
TABLE 1  
**PREVIOUS SAMPLING OF TALLY HO MINE WORKINGS**  
(as reported by Australian Geoscientists Pty Ltd Report for EPM 8166 in 1992 & 1997)

Location	Level	*Interval Sampled	Grade			
			Silver g/t	Zinc %	Lead %	Copper %
<b>Adit No 1</b>	(6 ft level)					
Blanchard (1937)		13.7m	246	1.90	3.22	0.61
Dalton (1991)		(true width) 10m	222	4.07	2.23	0.50
<b>Adit No 2</b>	(47 ft level)					
Blanchard (1937)		13.1	273	2.69	2.6	0.68
Dalton (1991)		(true width ~ 9m)	413	3.79	1.15	0.71
<b>Shaft</b>	(65 ft level)					
Blanchard		9.1m	98	2.88	0.64	0.21
Dalton (1991)			112	2.28	2.55	0.35
Dalton (1991)	(35 ft level) (Drive along hanging wall)	2.1m	319	8.63	3.55	0.69

- \* *The same interval was sampled by both Blanchard and Dalton and it should be noted that Adit No. 1 is approximately 50 metres from Adit No. 2 on the same breccia lode and the shaft is located adjacent to Adit No. 1.*



*Inspecting qtz veining/breccia at Tally Ho silver project*



*Sulphide mineralisation in Adit No. 1*

*The near surface mineralisation is composed of brecciated granite that has been sericite altered and cemented by comb quartz and sulphides. The two adits provide ideal exposure of the breccia texture and nature of the mineralisation. In Adit No. 1, the mineralisation is 10m wide (true) and dips 70° to the east with well developed ‘shear planes’ marking the foot wall and hanging wall contacts of the mineralisation with the host granite. The adit sampling by Blanchard and later confirmed by the current tenement holders reveals that areas of higher grade mineralisation occur within a couple of metres of the hanging wall and foot wall contacts.*

*Macmin believes the Tally Ho area is significantly under-explored for its silver potential and will commence a systematic exploration programme to evaluate the area. A preliminary drilling programme is currently being designed which will initially test the extent of mineralisation near the two adits and shaft.*

*Macmin has made an option payment of AUD\$20,000 to Fayworth Pty Ltd and N.F. Stuart (beneficial holders of the tenements) which will allow Macmin to exclusively evaluate the project for a period of twelve months. Should Macmin elect to continue to evaluate the project for a further twelve months, an additional payment of AUD\$30,000 will be made prior to the expiry of the initial option period. The option can be exercised at any time by the payment of AUD\$300,000, either in the form of cash or Macmin shares, whichever is the tenement holder’s request.”*

**5<sup>th</sup> June 2006**

### **“TWIN HILLS SILVER MINE PROGRESS REPORT**

*Macmin Silver Ltd has signed a contract with Mearns Environmental Contracting Pty Ltd for an equipment fleet to commence mining at Twin Hills. The equipment comprises one Komatsu PC 1000 Hydraulic Excavator and three Caterpillar 773 off highway Rear Dump Trucks, which will be on site from July 1. This agreement provides that Mearns supplies the equipment and maintenance services whilst Macmin will supply the operators.*

*The arrival of the mining fleet will permit the Company to speed up its earthmoving activities on site. These activities initially include moving recently blasted rock from the storm containment dam; shifting and stockpiling alluvium in readiness for the next round of heap leach area preparation; and commencing the digging of waste and ore from the pit.*

*The Company has commenced discussions with Inglewood Shire Council on the possible use of 'grey' water from the Texas townsite sewerage treatment plant. The water would be used in the processing plant and would serve as an alternate supplementary water supply in conjunction with the currently identified water resources on the site.*

*The water feasibility study is being undertaken by a consultant group, Wide Bay Water Corporation, on behalf of the Council and Macmin. Results of the study, which is to provide cost estimates, preliminary designs and business arrangements, should be available in four weeks.*

*The benefits of a guaranteed permanent water supply to site would very positively impact the project, particularly during periods of drought and when production rate expansions are considered. The project can be seen as a further example of the excellent relationship the Company enjoys with the local community of the Inglewood Shire.*

*The recently released (ASX May 26 Update) brochure shows photographs of the construction progress on the crushing and processing circuits and I would recommend shareholders and investors view these on our website [www.macmin.com.au](http://www.macmin.com.au). These photos highlight the significant progress that has been achieved over the last few months as we come towards the completion of the construction phase at Twin Hills.*

#### **Silver Price**

*The price of silver has moved ahead strongly this year and has substantially added to the economic strength of the Twin Hills Project. Although the recent pull back in the silver price from US\$15 per oz to US\$12 per oz highlights silver's increasing volatility, the Company believes that fundamental supply and demand issues will underpin an ongoing increase in silver price in the coming years."*

## **4. CORPORATE**

The Company undertook a major public relations trip through the UK and Europe in May/June with multiple presentations in Paris, Geneva, Zurich, Frankfurt, Amsterdam, Brussels and Stockholm. The roadshow presentation was also broadcast on "www.boardroomradio.com" in early June.

On 26<sup>th</sup> July 2006 an article on Macmin was published in the German weekly finance magazine "Der Aktionar."

The Company plans to be represented at the Silver Summit in Idaho in late September, the Stock Day in Frankfurt in late October, and the Munich Precious Metals Conference in early November.

Releases made to ASX in the second quarter of 2006 on corporate matters can be found on the Company's website.

## **5. 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.

<i>Company</i>	<i>Shares</i>	<i>Options</i>	<i>Market Value 30 June 2006</i>
<i>New Guinea Gold Corporation (TSX) <a href="http://www.newguineagold.ca">www.newguineagold.ca</a></i>	<i>17,847,020</i>	<i>-</i>	<i>\$9,000,000</i>
<i>Malachite Resources NL <a href="http://www.malachite.com.au">www.malachite.com.au</a></i>	<i>1,500,000</i>	<i>-</i>	<i>\$247,500</i>
<i>Frontier Resources Ltd (formerly TasGold Ltd) <a href="http://www.tasgold.com.au">www.tasgold.com.au</a></i>	<i>3,364,824</i>	<i>3,104,167</i>	<i>\$392,357</i>

## 6. NEW GUINEA GOLD CORPORATION

The following release was made to ASX in the second quarter of 2006:

9<sup>th</sup> June 2006

### *“106g/t GOLD OVER 3m INTERVAL AT IMWAUNA*

*Vancouver 8<sup>th</sup> June 2006. High grade gold has been intersected in three new drill holes at the Imwauna Project, Normanby Property, Papua New Guinea.*

*Hole IMH 67 intersected a 6m interval between 120.2 and 126.2m downhole at 67.98g/t gold and 68.9g/t silver, including a higher grade interval of 3m at 106g/t gold.*

*Hole IMH 68 which is 60m south of IMH 67 intersected 2.4m between 39.8 and 42.2m downhole at 13.68g/t gold and 65.7g/t silver.*

*Hole IMH 69 which is also 60m south of IMH 67 and approximately 50m below IMH 68 intersected 10m between 99.1 and 109.1m downhole at 18.10g/t gold and 31.4g/t silver including 2.2m at 32.5g/t gold and 49g/t silver.*

*Drilling is continuing and further results are expected within the next few weeks. The above intersections would be slightly greater than true widths.*

*The above drill results are outstanding, and appear to indicate the development of high grade gold mineralisation towards the southern end of the Imwauna vein system.*

*Mineralisation widths also appear to be increasing to the south and to depth. The fact that the mineralised zone has now been intersected at vertical depths of more than 100 metres below surface is also regarded as particularly significant.*

*As a check on the above assay results the higher grade zones are being re-assayed using the screen fire assay technique. All assays were completed at accredited laboratory ALS – Chemex at Townsville Australia.*

*Drill hole co-ordinates are shown on the accompanying table which lists details of holes IMH 67,68, and 69.*

### **Summary Assay Results**

<b>Hole No</b>	<b>Northing (amg)</b>	<b>Easting (amg)</b>	<b>EOH (m)</b>	<b>Azi (mag)</b>	<b>Dip (deg)</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
IMH067	8886667.7	288897.4	171.20	100	-65	120.20	126.20	6.00	67.98	68.9
IMH068	8886608.2	288904.8	60.0	100	-60	38.00	39.00	1.00	0.83	5.8
						39.80	42.20	2.40	13.68	65.7
IMH069	8886610.2	288869.7	140.00	85	-65	99.10	109.10	10.00	18.10	31.4

### **Background**

*The Imwauna project is located within the Normanby Property, SE Papua New Guinea. The Company owns 100% of this property. Imwauna is the second of the Company's key gold projects. **Management's objective is to define NI 43-101 compliant resources in 2006.** Approximately 7000m of drilling have now been completed at the property and most drill holes are diamond core holes.*

*The Imwauna project contains defined gold mineralisation scattered over approximately 10 sq kilometers, has some key geological similarities to Placer Dome's former Misima Mine (plus 4M ozs gold), and has been selected by management for a major evaluation program in 2006 to extend the known mineralisation and to build a substantial resource base. It is expected that one drill rig will be employed continuously on this project (wholly owned by the Company) throughout 2006.*

The project can be summarized as follows:

- Management believes the target is similar to Placer Dome's Misima Mine which was a plus 4M oz system.
- Historical inferred resource, based on **initial 15 drill holes only**, of 990,000t @ 6.1g/t gold and 12g/t silver for 194,000 oz gold and 382,000 oz silver (see below).
- Drilling to define resources and the potential of the property is in progress and will continue throughout 2006.
- Best drill results **before** the above results were 3.7m at 94.4g/t gold and 7.2m at 16.5g/t gold, from the northern part of the system.
- Trial mining completed – had an average grade of 14.1g/t gold over a 2.2m mining width.
- Bulk sampling of 38 excavator trenches over 1240m strike length averaged 26.4g/t gold over an average of 1m width in central high grade part of the system with likely average open pit mining width of 4 metres.
- Drilling suggests possible open pit grade of 8g/t gold and underground grade of 15.5g/t gold.

New Guinea Gold Corporation has disclosed historical resource estimates for the Imwauna (Normanby) project. However, these resource estimates have been based on historical estimates and have not been verified and supported by NI 43-101 compliant, independent technical reports. As such, the historical resource estimates cannot be relied upon until they have been verified and supported by NI 43-101 compliant technical reports.

NGG is in the process of developing the Sinivit Property (see NI 43-101 Report dated 30<sup>th</sup> January 2006). In addition NGG has a comprehensive drilling program in place for 2006 to define gold resources at other key gold properties, Normanby (Imwauna), Mt Penck, and Sehulea (Weioko). See Management Discussion dated April 20<sup>th</sup> 2006 for an update on all NGG properties.”

The following release was made to TSX in Canada on 26<sup>th</sup> July 2006:

#### **“DEVELOPMENT/EXPLORATION UPDATE**

**Vancouver 26<sup>th</sup> July 2006.** New Guinea Gold is pleased to present the following update on mine development at Sinivit and exploration on other properties.

**Sinivit Mine Development (92.5% NGG):** Sinivit mine development is proceeding satisfactorily with most infrastructure, plant and mining equipment now on site, at the local port of Kokopo, or in transit to Kokopo. HBS Machinery of Lae, Papua New Guinea, have been contracted to supply, operate and maintain all mining equipment, and in addition will operate and maintain the mine crushing facility.

HBS Machinery shipped by barge much of their equipment to Kokopo in early July.

The equipment is now being moved to site and the contractor will shortly commence construction of the maintenance facility. A combined Reverse Circulation/Diamond Core Drill Rig for grade control and blocking out additional resources has been purchased and is expected on site in August. A separate diamond core rig has also been purchased for exploration at Sinivit, in particular to define the extent of the gold/telluride/copper mineralisation at depth and along strike from the initial proposed oxide gold mine. This rig is expected to be shipped from Tasmania to Papua New Guinea in August, and will be in operation by early September.

Mine pre-stripping is expected to commence in September with ore production and loading of vats for gold recovery soon thereafter. In the meantime the HBS Machinery equipment will be used to complete site earthworks, remaining roads and formation of vats.

**Normanby Project (100% NGG):** Resource definition drilling continues at the Imwauna Prospect on Normanby Island, Papua New Guinea. Drilling towards the southern end of the defined Imwauna structure intersected **very** high value gold and/or wide intervals of high value gold (all reported earlier) as follows:

<i>Hole Number</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Interval (m)</i>	<i>Gold g/t</i>	<i>Silver g/t</i>
<i>IMH 067</i>	<i>120.2</i>	<i>126.2</i>	<i>6.00</i>	<i>67.98</i>	<i>68.9</i>
<i>Including</i>	<i>123.2</i>		<i>3.00</i>	<i>106.00</i>	<i>95.0</i>
<i>IMH 068</i>	<i>39.80</i>	<i>42.2</i>	<i>2.40</i>	<i>13.68</i>	<i>65.7</i>
<i>IMH 069</i>	<i>99.10</i>	<i>109.10</i>	<i>10.00</i>	<i>18.10</i>	<i>31.4</i>
<i>Including</i>	<i>105.40</i>	<i>107.60</i>	<i>2.20</i>	<i>32.5</i>	<i>49.00</i>
<i>IMH 074</i>	<i>63.00</i>	<i>69.45</i>	<i>6.45</i>	<i>20.87</i>	<i>49.6</i>

*These results are particularly significant as surface exposures and a near surface drill hole showed only relatively narrow, lower grade gold values in this area. It appears that a high to very high grade and much wider zone of mineralisation is developing about 20m below surface and increasing in width and gold grade with depth. This part of the system appears to be near the top of the gold mineralisation system and occurs at an elevation of 550m above sea level.*

*About a kilometre to the north the system outcrops with high grade gold at an elevation of about 350m above sea level. The difference of 200m suggests that the high grade mineralisation in the vicinity of IMAH 67 could extend to a depth of at least 250 m below surface.*

*Four additional holes have now been sited in this area to test for a depth extension of the 3m at 106g/t gold and for lateral extensions of the overall higher grade/wider zone of mineralisation. Results will not be available for the first holes before late August.*

*In addition to the drilling a detailed ground survey has been completed to complement resource estimates and mine planning when appropriate.*

*An excavator will be moved to site in the near future to commence exploration on the other vein systems in the area in addition to the Imwauna system.*

*Environmental and land use/land ownership studies have commenced in anticipation of a pre-feasibility or scoping study to be completed in early 2007.*

*An Independent QP, Ralph Stagg of Project Geoscience is presently visiting the site as part of the requirement for completing an NI 43-101 Report, including verifying resources. This report is expected to be completed in the last quarter of 2006.*

*Further check assaying is in progress by way of screen fire assay to determine if the fire assay method used to date has been underestimating the gold content of the drill core. (i.e. the actual gold content may be higher than reported). The laboratory has requested more drill core samples to conduct further testing and these samples have been despatched from the field to the laboratory. This is an ongoing investigation and in the meantime it appears certain that the original fire assays are either correct, or underestimate the gold content – they do not overestimate the gold content.*

**Mt. Penck (60% NGG):** *The Mt Penck evaluation program which has been beset by rain delays since it was re-activated earlier this year is now proceeding at a fast rate. A second drill was recently mobilised to site. After three months, the second drill may have to go to another job. However, the first drill will continue to drill at Mt. Penck until the evaluation program is completed. Vangold beneficially owns 50% of the first drill, and New Guinea Gold Corporation beneficially owns the remaining 50%.*

*The initial 239 core samples and 61 trench channel samples were received at the assay laboratory on the 27<sup>th</sup> June and as at the date of this release all samples had been prepared (crushed/split/pulverised) and assay results are expected in the very near future.*

*In the current program 8 holes for approximately 1,000m have been completed or are in progress, with initial holes targeting geological concepts. Both drills are now focussing on defining a resource at the Kavola South prospect at Mt Penck, with holes being drilled to 100m depth on a nominal 25 to 50m grid (depending on topography and access).*

*The delays in this program have been largely weather related with Papua New Guinea experiencing the worst wet season in many years. Although the weather is still un-seasonally wet, drilling is now proceeding satisfactorily.*

**Mt Nakru (75% NGG):** *Assessment of data was undertaken and drill targets defined for action in the last quarter of 2006, subject to drill availability.*

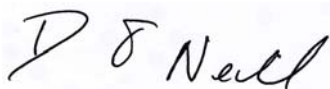
**Fergusson (50% NGG):** *A geochemical program was completed at Igwageta and an assessment of the results is currently underway. A report should be available in the near future.*

**Yup River (50% NGG):** *A broad soil geochemical program will commence in August to attempt to define drill targets at the Dauri Prospect, referred to in earlier press releases.*

**Bismarck (50% NGG):** *A geochemical soil program is planned for the last quarter of 2006 to attempt to extend the 300m long gold zone defined earlier this year (see Press Release dated 1<sup>st</sup> March 2006).*

**NGG is in the process of developing the Sinivit Property (see NI 43-101 Report dated 30<sup>th</sup> January 2006). In addition NGG has a comprehensive drilling program in place for 2006 to define gold resources at other key gold properties, Normanby (Imwauna), Mt Penck, and Sehulea (Weioko). See also Management Discussion dated April 20<sup>th</sup> 2006 for an update on NGG and other details on gold production.**

*The Company's Directors have approved the issuance of 300,000 Incentive Stock Options to recently appointed VP Exploration, Douglas Hutchison. Other options issued in the same series are: James Farley, Senior Site Executive, 300,000 options; Norman Davidson, Mining Engineer, 150,000 options; Peter Swiridiuk, Geophysicist, 150,000 options; Anson Griffith, Chief Geologist, PNG, 100,000 options. The options were issued under the Company's Stock Option Plan which was approved by the shareholders at the Company's June 21, 2006 Annual General Meeting. The options are exercisable at \$0.30 per share for a term of five years from July 25<sup>th</sup>, 2006."*



D.M. O'Neill  
**MANAGING DIRECTOR**

This report is based on & accurately reflects information compiled by a competent person as defined in Appendix 5A of the ASX Listing Rules

Kc/dmo/qtlyrep/jun06

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**MACMIN SILVER LTD**

ACN OR ARBN

**056 776 160**

Quarter ended ("current quarter")

**30 June 2006**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year To Date (12 Mths) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(528)	(1,114)
(b) development (incl. machinery)	(1,998)	(8,120)
(c) production	-	-
(d) administration	(250)	(1,203)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	138	313
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - reimburseable expenditure	184	(12)
Other - Operating and admin fees	33	475
<b>Net Operating Cash Flows</b>	<b>(2,421)</b>	<b>(9,661)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	(255)
(c) other fixed assets	(17)	(65)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Mines Dept deposits)	-	(1)
<b>Net Investing Cash Flows</b>	<b>(17)</b>	<b>(322)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,438)</b>	<b>(9,983)</b>

1.13	Total operating and investing cash flows (brought forward)	(2,438)	(9,983)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issue of shares, options, etc.	199	16,269
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	987
1.17	Repayment of borrowings	(113)	(302)
1.18	Dividends paid	-	-
1.19	Other		
<b>Net financing cash flows</b>		86	16,954
<b>Net increase (decrease) in cash held</b>		(2,352)	6,970
1.20	Cash at beginning of quarter/year to date	11,646	2,324
1.21	Exchange rate adjustments to 1.20		
1.22	<b>Cash at end of quarter</b>	\$9,294	\$9,294

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the**  
**related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	104
1.24	Aggregate amount of payments to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors: salaries, consulting fees and superannuation

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

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2.2 Details of outlays made by other entities to establish or increase their shares in projects in which the reporting entity has an interest.

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**Financing facilities available***Add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,984	1,611
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	2,268
<b>Total</b>	<b>2,768</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	55	894
5.2 Deposits at call	9,239	10,752
5.3 Bank overdraft		
5.4 Other : fixed term deposits		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>9,294</b>	<b>11,646</b>

**Changes in interests in mining tenements**

	Tenement Reference	Nature of Interest (note(2))	Interest at Beginning Quarter	Interest at end of Quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	EL 5714	JV interest - Rivertree	60%	75%
	EL 6032	JV interest - Boonoo Boonoo	60%	75%
		Interests in mining tenements acquired or increased		

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs redemptions	-	-		
7.3 <b>+Ordinary securities</b>	428,699,033	428,699,033		
7.4 Changes during quarter				
(a) Increases through issues	400,000 38,253	400,000 38,253	\$0.200 \$0.250	
(b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	250,000 2,650,000 65,316,093 4,237,500 1,700,000 1,962,500	65,316,093	<i>Exercise price</i> 13 cents 20 cents 25 cents 20 cents 15 cents 20 cents	<i>Expiry date</i> 06-Sep-07 31-Dec-07 30-Oct-08 12-Nov-08 01-Dec-08 01-Nov-09
7.8 Issued during quarter				
7.9 Exercised during quarter	38,253 400,000		25 cents 20 cents	30-Oct-08 12-Nov-08
7.10 Expired/cancelled during quarter	350,000		20 cents	12-Nov-08
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4)
- 2 This statement does / ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: July 28, 2006  
(Director/Company secretary)

Print name: Garry M. Edwards .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and Quoted Securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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