



MACMIN SILVER LTD

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28th April 2006

COMPANY ANNOUNCEMENTS OFFICE

TECHNICAL REPORT – QUARTER ENDED 31st MARCH 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 TasGold Ltd.

- Construction progress at Twin Hills has advanced significantly during the quarter as the company prepares for plant commissioning in the third quarter and thence production commencement.
 - Topsoil stripping was completed over the pit area with topsoil being stockpiled for future rehabilitation.
 - Electrometals Technologies Ltd engineers are currently installing the 180 cell electro-winning circuit (EM-EW).
 - Installation of the crushing circuit and overland conveyors is in progress and well advanced.
- A pre-feasibility study of the Silver Spur slag is underway in conjunction with an evaluation of the underground resource.
- A review of the total resources of the Texas Project is being undertaken in light of the rising silver price.
- Drilling is currently in progress on the Rivertree Project.
- A private placement in March raised approximately \$6 million.
- New Guinea Gold, in which Macmin holds 18% equity interest, raised \$7 million to fund development and exploration.

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

Construction progress at Twin Hills has advanced significantly during the quarter, as the company prepares for silver production. Minor delays have been encountered in having technical consultants on site, in scheduled time-frames, due to the current ‘heavy demand’ for their services in the engineering and mining industries. The construction of the storm containment dam is taking longer than scheduled, due to additional unforeseen engineering ‘input’ in the preparation of the ‘key-way’ in the floor of the dam. These delays have meant that commissioning of the crushing circuit and electro-winning plant is now scheduled for the July/August period with production commencing thereafter.

A brief summary on the status of site activities is as follows:

- Topsoil stripping was carried out over the major part of the open pit area during the quarter. The topsoil is being stock-piled for future rehabilitation work on site.
- The bulk of the grade control drilling for the top 15m of the deposit was completed during the quarter. An initial blast of waste material was undertaken to assess its suitability for use in constructing the storm containment dam.
- A storm containment dam is required to collect overflow from the process area in case of a major storm event (100 year event). The dam construction and completion is subject to approval by the Environmental Protection Agency (EPA). The storm containment dam is undergoing construction with the ‘key-way’ in the floor of the dam, beneath the proposed dam wall, being prepared (i.e. grouting of weak points in the bedrock floor/walls), prior to the dam wall construction taking place. Successful compaction tests have been carried out on the clay, which will be used in the wall. Several metres of clay have been laid and compacted in the key-way. Coarse rock to construct the exterior of the walls is to be sourced from rock blasted within the dam containment area, which has the added benefit of providing increased storage area within the dam.
- The crushing circuit installation is well advanced, with much of the ‘fixed’ plant in place. The agglomerator has been installed and the ‘overland’ conveyor is nearing completion. The ‘grasshopper’ conveyors are also currently under assembly on site.
- The electro-winning circuit (EM-EW) is currently under installation by engineers from Electrometals Technologies Ltd. The 180 cell plant will produce silver powder from the heap leach solutions. The building housing the EM-EW circuit is largely completed and is situated beside the leach ponds (reference photos – Macmin website: www.macmin.com.au).

2.2 Exploration

- In March the company purchased the Investigator MK IV drill rig from Roger Hall Drilling Pty Ltd. This truck mounted rig, with both percussion and diamond drilling capabilities, has been the mainstay of our drilling effort within the Texas project area over the last ten years. Roger Hall is currently training a driller to take over the rig and Roger will maintain an association with the company as a drilling adviser/consultant.
- A programme of Reverse Circulation (RC) drilling is underway at the Rivertree Project, north east of Tenterfield in northern New South Wales. The Rivertree project forms part of a joint venture agreement with Malachite Resources NL. Drilling has been completed at the Silver King and Spring Gully lodes and is currently underway on the Big Block lode. Assay results are expected in May.

2.3 Silver Spur

The Silver Spur mining lease is located about 1.5 km south-east of the Twin Hills silver mine. A pre-feasibility study is currently in progress to obtain the optimum route to follow to extract value from the Silver Spur slag dump. A survey and mapping programme of the slag stockpiles indicates that approximately 60,000 tonnes is present. A large bulk sampling programme was undertaken to obtain representative samples for chemical analysis. Samples were forwarded to ALS-Chemex in Brisbane for testing and provided the following assays: Zinc 12.7%; Silver 140.5g/t.

Studies for processing routes currently under consideration include smelt fuming, heap leaching and flotation. Updates on the progress of this work will be made available as they come to hand.

An extensive programme of drilling by previous mining lease holder, Rimfire Pacific Ltd, at the historic Silver Spur mine resulted in the definition of the following in-situ resource. At a 7% zinc equivalent cut-off Combined Indicated and Inferred Resources of **369,000 tonnes at 6.47% zinc, 5.79oz/t silver, 2.89% lead and 0.35% copper and 0.26g/t gold.**

A mineralisation model is being compiled by an independent consultant to determine how to explore the remnant mineralisation and its possible further extensions. An evaluation of the possibility of extracting the remnant zinc ore from the mine will also be undertaken.

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

23 February 2006

“TEXAS SILVER PROJECT UPDATE

Twin Hills Silver Mine

Progress towards silver production is well advanced.

- *Topsoil stripping has commenced in mid-February over part of the open pit at the Twin Hills Silver Mine . The topsoil is being stockpiled for future rehabilitation work on site. Grade control drilling for the first two mining benches will be completed by the end of February.*
- *The electro-winning circuit (EM-EW) is currently under installation by engineers from Electrometals Technologies Ltd. The 180 cell plant will produce silver powder from the leach solutions, which drain the heaps. The building housing the EM-EW circuit is currently under construction and is situated beside the leach ponds (reference photos – Macmin website – www.macmin.com.au).*
- *The concrete foundations for the crushing circuit have been laid and installation will commence on the 27th February. As was mentioned in the January Quarterly Report, the non-delivery of a cone crusher from a UK manufacturer after a five month delay resulted in the cancellation of the order and a replacement unit sourced and delivered to site in January. The replacement cone crusher has now been commissioned by the supplier.*
- *Installation of the power plants for both the crushing circuit and the processing circuit will commence in March.*
- *A storm containment dam is required to collect overflow from the process area in the event of a major storm event (100 year event). The dam construction and completion is subject to approval by the Environmental Protection Agency (EPA). The storm containment dam is undergoing construction with the ‘key-way’ in the floor of the dam, beneath the proposed dam wall, being prepared (i.e. grouting of weak points in the bedrock floor/walls), prior to the dam wall construction taking place. Successful compaction tests have been carried on the clay, which will be used in the wall. Coarse rock to construct the exterior of the walls will be sourced from the waste rock to be blasted prior to the start of mining of ore at Twin Hills. Continual intermittent rain since November 2005 has impeded the dam construction and continues to do so. The rainfall however has replenished water supplies in dam storage and in the subsurface aquifers.*

- *The current schedule sees the crushing circuit assembled and ready for commissioning in April and the agglomerator and stacking conveyors assembled and commissioned in May. Heap construction will commence soon thereafter.*

The current production plan proposed in the Mining Feasibility Study indicated that 2.5 million ounces of silver equivalent would be achieved from the first year of full production from the heap leach and dump leach operation.

As the price of silver has continued to increase since the completion of the Feasibility Study, a further review will be undertaken by an outside consultant to determine whether by lowering the cut-off grade for silver, more tonnage might be available to increase the production rate (possibly up to four (4) million ounces AgE per annum).

Silver Spur

The Silver Spur mining lease is located about 1.5km south east of the Twin Hills mine.

- **Slag**

*Macmin has initiated a pre-feasibility study to determine the optimum route to follow to extract value from the Silver Spur slag dump, in light of the continuing rise in the price of metals, particularly zinc. In 1997 Rimfire Pacific Ltd (the previous holder of the Mining Lease) sampled the slag dump and estimated that 90,000 tonnes was present. Semi bulk samples gave an average grade of **15.8% zinc, 158g/t silver, 3.17% lead, 0.34% copper and 0.5g/t gold.***

The pre-feasibility study will examine the following avenues and make recommendations:

- 1. The leachability of the slag, with possible treatment on the Twin Hills Mine lease;*
- 2. The shipping of slag to smelters inside/outside Australia*
- 3. The outright sale of slag to third parties.*

- **Underground Resource**

*An extensive programme of drilling by Rimfire Pacific Ltd at the historic Silver Spur mine resulted in the definition of the following in-situ resource. At a 7% zinc equivalent cut-off Combined Indicated and Inferred Resources of **369,000 tonnes at 6.47% zinc, 5.79oz/t silver, 2.89% lead and 0.35% copper and 0.26g/t gold.***

A mineralisation model is being compiled by an independent consultant to determine how to explore the remnant mineralisation and its possible further extensions. An evaluation of the possibility of extracting the remnant zinc ore from the mine will also be undertaken.”

16th March 2006

“MACMIN STARTS DRILLING AT RIVERTREE PROJECT

Macmin Silver Ltd (Macmin) advises that a drilling programme comprising 2,300 metres of reverse circulation (RC) drilling has commenced at the Rivertree Project, north-east of Tenterfield in northern New South Wales. The Rivertree Project forms part of a Joint Venture Agreement with Malachite Resources NL (Malachite) whereby Macmin can increase its interest from 60% to 75% interest by funding on-going exploration of \$500,000 by November 2007.

The Rivertree silver field was discovered in 1887 and underground mines were established at Wongabah and Silver King, with extensive shafts, adits and pits also developed at Boulder-Dunlop. The Rivertree veins, typically composed of quartz and polymetallic sulphide, are usually narrow (up to 1.8m in width) but often persistent along the strike.

Sampling of historic mine dump material by Malachite personnel returned very high grade silver values (up to 1,150g/t silver) and zinc values (up to 24.4% zinc). A limited programme of RC and diamond drilling was carried out by Malachite in 2003 and 2004 at Wongabah, Silver King and Dunlop. It was reported that most of the holes intersected mineralised veining and/or alteration in discrete lode structures up to 4m in width, but only two (2) holes intersected potentially economic grades of silver mineralisation. At Wongabah, a narrow massive sulphide vein was encountered which assayed 755g/t silver and 3.0g/t gold. At Silver King, the best intercept was 1m at 291g/t silver and 0.17g/t gold.

Macmin's drilling programme will focus on the Silver King and Spring Gully lodes which are hosted by the Rivertree Granite. Drilling will also be undertaken on the previously untested Big Block lode hosted by the Razorback Creek Mudstone, where dump sampling by Malachite had given silver assays of up to 1,150g/t and zinc assays to 8.4%.

It is anticipated the programme should be completed before the end of April."

7th April 2006

"MACMIN PURCHASES DRILL RIG

Macmin has finalised the purchase of a truck-mounted drilling rig (Investigator Mark IV) which has percussion and diamond drilling capabilities. The rig, purchased from Roger Hall Drilling Pty Ltd, has been the mainstay of our drilling effort around the Twin Hills silver deposit and Texas silver project over the last ten years.

Roger Hall, currently training a company employee as a driller, will maintain an association with Macmin Silver Ltd as a drilling consultant.

During 2006, the rig has been carrying out grade control drilling over the Twin Hills silver deposit prior to mining. Once this programme is completed, it will be utilised on further resource definition drilling at Twin Hills and on other areas within the Texas project."

3. CORPORATE

3.1 Private Placement

A private placement to raise approximately \$6 million was completed on March 16 to be applied towards the company's development and exploration activities.

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

14th February 2006

"AvW INVEST AG PURCHASES 1.5% INTEREST IN MACMIN SILVER LTD

Austrian listed investment company AvW Invest AG has purchased a 1.5% interest, on market, in Macmin Silver Ltd at a cost of approximately AUD\$1 million dollars.

AvW Invest AG is a company of the AvW Group (www.avw.at) listed on the Vienna Stock Exchange in the ATX Prime Market. The company specialises in the field of financial services, participations and real estate."

“PRIVATE PLACEMENT

The Company has reached agreement to raise approximately \$6M through a private placement to a number of professional investors. The terms of the placement are 1 share and ½ option at 36 cents. Subject to receipt of cleared funds, the placement is expected to be completed by the end of this week.

These funds will be used for working capital at the Twin Hills Silver Mine once production starts up from mid-year. Also, an expanded exploration programme will be initiated on the Company’s silver prospects, along with evaluation of other silver resource opportunities with the aim of adding to the silver resource base of Macmin Silver Ltd.

These funds see the cash balance of the Company stand at approximately \$11.5M. Additional access to funding remains in place via the Cornell equity facility where a further \$8.6M drawdown remains from the original \$10M negotiated in 2003.”

4. 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 31 March 2006</i>
<i>New Guinea Gold Corporation (TSX) www.newguineagold.ca</i>	<i>17,847,020</i>	<i>-</i>	<i>\$9,100,000</i>
<i>Malachite Resources NL www.malachite.com.au</i>	<i>1,500,000</i>	<i>-</i>	<i>\$230,000</i>
<i>TasGold Ltd www.tasgold.com.au</i>	<i>3,364,824</i>	<i>3,104,167</i>	<i>\$480,000</i>

5. NEW GUINEA GOLD CORPORATION

The following Press Release of First Quarter highlights of New Guinea Gold Corporation was released on April 11 in Vancouver, Canada.

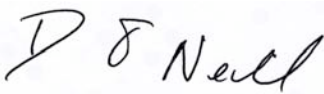
“FIRST QUARTER HIGHLIGHTS

Vancouver, April 18, 2006. In the first quarter of 2006, New Guinea Gold (NGG: TSX-V) reached a series of important milestones. These included:

- Announcement of resource estimates and the completion of a Preliminary Assessment for the Sinivit Gold project. Sinivit is scheduled to go into production by mid-year 2006 and to produce 35,000 ounces of gold at an estimated cash cost of US\$120 per ounce in its first year.*
- Successful completion of a \$7 million private placement to fund development and exploration.*
- Start of new drilling to define resources at the Imwauna gold project*
- Start of new drilling to define resources at the Mount Penck gold project and release of soil sampling data*
- Identification of new gold mineralized zone at the Bismark gold project*
- PDAC interview with Smartstox analyst Stanlie Hunt (available on the NGG website- www.newguineagold.ca)*
- Drilling at the Weioko gold project intersected 4m grading 2.69 g/t Au*

- *Presentation to the Asia Mining Congress in Singapore, Asia's most strategic platform where CEOs from mining companies, regulators, financiers and investors congregate to discuss new business opportunities in Asia.*
- *At Mt Nakru, a new area of gold mineralization has been encountered to the northwest of previously defined copper and gold mineralization. Separate trench intersections included 55m @ 4.79g/t gold including 15m @ 16.01g/t gold, and 15m @ 1.86g/t gold.*
- *An Independent NI 43-101 Report on the Simuku porphyry copper/molybdenum/gold property in Papua New Guinea has been completed and filed on Sedar. The report defines drill targets and recommends an interim exploration program (mainly drilling) to evaluate the potential of the property. Copper, molybdenum and gold mineralization are discontinuously present over an area of at least 5km by 2.2km.*

"We're very pleased with our progress in the first quarter," said Chairman and CEO Bob McNeil. Our first mine, Sinivit is on schedule to begin production mid-year, we've re-started drilling on a number of key projects, and since year end, NGG's market cap has increased by a factor of four to about CAD \$50M. We look forward to updating investors on developments in the second quarter."



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/qlyrep/mar06

Appendix 5B

Mining exploration entity quarterly report

Name of entity

MACMIN SILVER LTD

ACN OR ARBN

056 776 160

Quarter ended ("current quarter")

31 March 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year To Date (9 Mths) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(302)	(586)
(b) development (incl. machinery)	(2,826)	(6,122)
(c) production	-	-
(d) administration	(472)	(953)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	97	175
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - reimburseable expenditure	284	(196)
Other - Operating and admin fees	236	442
Net Operating Cash Flows	(2,983)	(7,241)
Cash flows related to investing activities		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	(255)
(c) other fixed assets	(43)	(48)
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)	(1)
Net Investing Cash Flows	(44)	(305)
1.13 Total operating and investing cash flows (carried forward)	(3,027)	(7,545)

1.13	Total operating and investing cash flows (brought forward)	(3,027)	(7,545)
Cash flows related to financing activities			
1.14	Proceeds from issue of shares, options, etc. *	11,255	16,070
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	883	987
1.17	Repayment of borrowings	(79)	(189)
1.18	Dividends paid	-	-
1.19	Other		
	- Subscriptions re Prospectus/SPP *	115	-
Net financing cash flows		12,174	16,867
Net increase (decrease) in cash held		9,147	9,322
1.20	Cash at beginning of quarter/year to date	2,499	2,324
1.21	Exchange rate adjustments to 1.20		
1.22	Cash at end of quarter	\$11,646	\$11,646

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	100
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.

1,093,750 ordinary shares were issued in March 2006 for the purchase of a Drilling business including drilling equipment and vehicles valued at \$393,750

- 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.

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	1,984
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	3,000
Total	3,450

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	894	591
5.2 Deposits at call	10,752	1,908
5.3 Bank overdraft		
5.4 Other : fixed term deposits		
Total: cash at end of quarter (item 1.22)	11,646	2,499

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	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 Preference +securities <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 +Ordinary securities	428,260,780	428,260,780		
7.4 Changes during quarter				
(a) Increases through issues	200,000 28,336,000 82,377 18,343,606	200,000 28,336,000 82,377 18,343,606	\$0.150 \$0.200 \$0.250 \$0.360	
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		
7.7 Options <i>(description and conversion factor)</i>	250,000 2,650,000 65,354,346 4,987,500 1,700,000 1,962,500	65,354,346	<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	8,624,928	8,624,928	25 cents	30-Oct-08
7.9 Exercised during quarter	950,000 82,377 1,312,500 200,000 537,500	82,377	20 cents 25 cents 20 cents 15 cents 20 cents	31-Dec-07 30-Oct-08 12-Nov-08 01-Dec-08 01-Nov-09
7.10 Expired/cancelled during quarter				
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <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: April 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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