

SELECTED ASX RELEASES SINCE LAST QUARTERLY REPORT

28th July 2008

TALLY HO PROSPECT UPDATE

- An initial Inferred Mineral Resource for the Tally Ho Prospect has been estimated at 733,000 tonnes at 49g/t silver, 0.06g/t gold, 0.1% copper, 0.09% lead and 0.83% zinc (101g/t silver equivalent*, see explanation under Metal Equivalents), using a 40g/t silver equivalent* cut-off – (see below for explanation).
- Approximately 1,500m of the current Reverse Circulation drill program of 3,000m including 28 holes is completed. This program is intended to test adjacent prospective areas to the above mineral Resource with the objective of increasing the Resource.
- The area of the Resource and its location, relative to targets now being tested is illustrated in Figures 1 and 2. Figure 1 also illustrates the extent of extrapolation of results from individual drill holes.

Metal Equivalents

In the case of a polymetallic deposit such as Tally Ho, where, in the event mining occurs, the value of the product produced is the sum of individual metals values, management considers that metal equivalents are appropriate for both cut-offs and in reporting average grades for the resource.

In this instance, as silver is the predominant metal, the metal equivalents are expressed in silver equivalents*.

The metal equivalents were calculated using metal equivalent calculations as illustrated in the table below. Management cautions that silver equivalent* values will change as metal prices change.

Metal (assay results)				Metal Price 25/06/2008		Factors		Value Calculation	Metal value
A				B		C			
1	Silver	Ag	g/t	17.00	A\$/oz	31.103	g/oz	1A x (1B/1C)	M
2	Gold	Au	g/t	929.00	A\$/oz	31.103	g/oz	2A x (2B/2C)	N
3	Copper	Cu	ppm	4.02	A\$/lb	454	ppm/lb	3A x (3B/3C)	O
4	Lead	Pb	ppm	0.85	A\$/lb	454	ppm/lb	4A x (4B/4C)	P
5	Zinc	Zn	ppm	0.89	A\$/lb	454	ppm/b	5A x (5B/5C)	Q
Sum of metal values								S	M+N+O+P+Q
Metal equivalent in Silver g/t								AgEq	S / 1B x 1C

No metallurgical studies have been completed but initial petrological studies show the metals are hosted within the following sulphide species; tetrahedrite, sphalerite, chalcopyrite, galena and pyrite. These sulphide species are all relatively coarse grained and as such should be able to be liberated easily by comparison to other similar deposits, attaining recoveries of plus 90%.

The Resource is currently classified as Inferred for the following reasons:

- There is insufficient information as yet available to adequately estimate density, both for individual rock types/domains, and with weathering changes with depth. No density information is available to estimate tonnage within the blocks which are currently being included in the Inferred Resource. Density is an average value based on available information from five drillholes.
- The Resource was derived using 1m downhole composites from 58 drillholes. Total composites used were 9,693m. Assay results have been obtained from samples derived

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from different drilling phases, consisting of NQ diamond drilling, diamond drilling with Reverse Circulation (RC) precollars, and holes drilled by RC from surface to end. Routine statistical analysis of assays from the different drilling types has highlighted an apparent sample bias between assays from the RC holes, and assays from samples of the RC precollars. This anomaly needs to be investigated by further drilling and/or resampling to resolve this issue. All available assays, both diamond and RC, were used in this Resource determination.

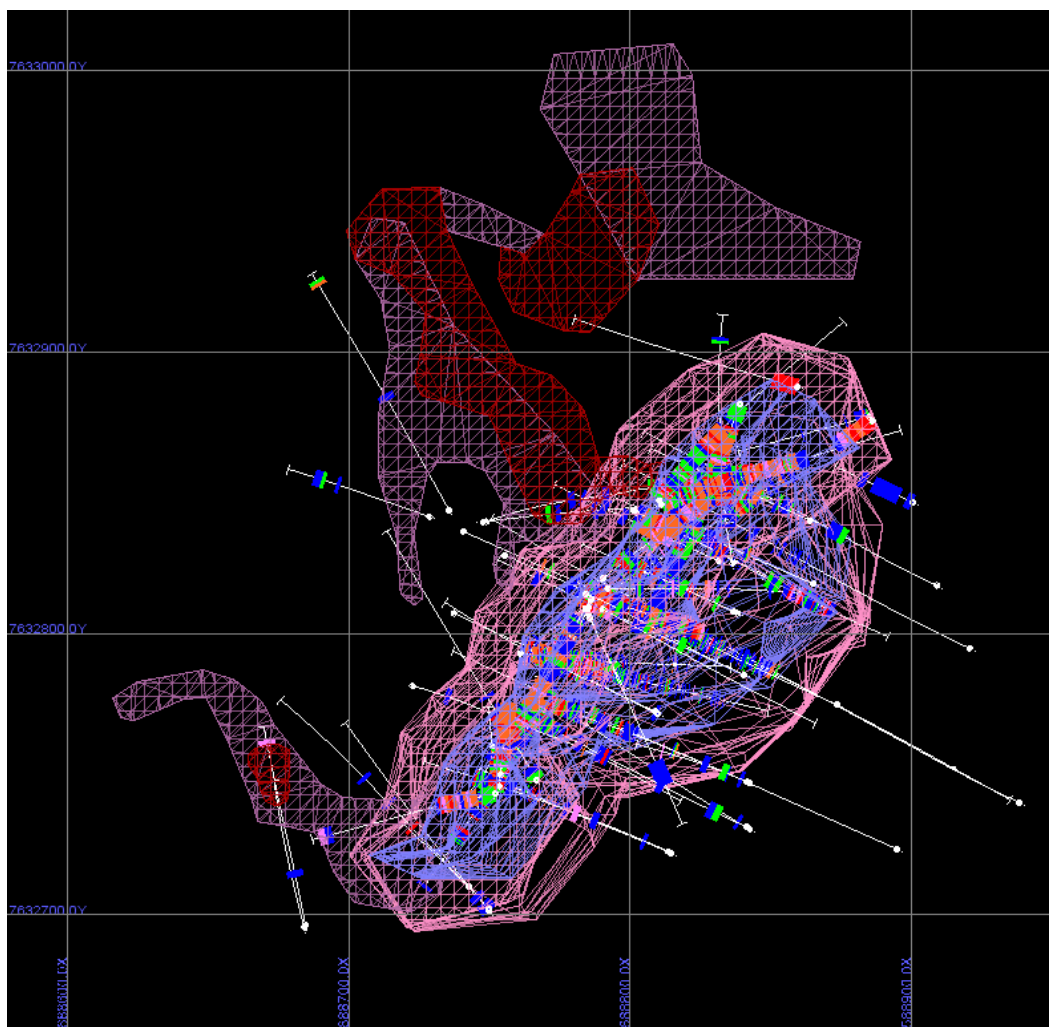
- Classification was determined based on a number of factors, and utilised models created for actual distance to the closest point, number of points used to kriging a block, kriging variance and slope of regression. It should be possible to upgrade the classification of part of the Resource to Indicated once the sampling issues have been resolved.
- The Resource is estimated to an R.L. of 140 or approximately 165m to 110m below ground surface.

Variography was carried out on all elements within all domains where there were sufficient data points to get a meaningful variogram. Both absolute and median indicator variograms were investigated, with final modelling parameters being determined from the median indicator variograms. Each element was modelled with its own unique set of parameters within the main geological and geochemical domains.

FJ Hughes and Associates used GEMS software to undertake 3D block modelling of the resource using Ordinary Kriging techniques with a 98.5% top-cut to minimise the effects of high-grade outliers. Block models were created for the following elements: Silver (Ag), Gold (Au), Copper (Cu), Lead (Pb) and Zinc (Zn). All elements were coded for specific geological and geochemical domains, and interpolated within these individual domains.

The Resource is visually depicted in the diagram below:

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Current RC Drilling Program

Our latest program of RC (reverse circulation) drilling at the Tally Ho prospect commenced on 20 June 2008. This program will allow the initial drill testing of seven target areas which have been identified by a combination of soil sampling, rock chip sampling and field mapping in the area surrounding the central Tally Ho prospect (Figure 2 – target numbers **do not** represent a relative prospectivity / priority).

To date 1,500m of drilling in 16 holes has been completed. All assays will be reported at the conclusion of the program.

These target areas all fall within a regional scale NE-SW trending structural corridor, observable on the regional aeromagnetic data and satellite imagery of the greater Tally Ho Project. This structural corridor is interpreted to be a long lived, deep seated feature which has seen various episodes of activation, making it a favourable location for the emplacement of young metal rich intrusive bodies and associated mineralising systems (Intrusion Related Mineralising Systems) which have the potential to form economic metal concentrations.

The central Tally Ho prospect/breccia unit has a current strike extent of approximately 200m which also trends NE-SW. The targets to be tested by our current RC drilling programme represent areas which are along strike of or parallel to, the central Tally Ho prospect.

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The current seven targets to be drilled fall within the 1.5 x 1.5 km (2.25 sq km) area covered by our soil sampling results within the greater Tally Ho Project area which comprises a total of 147 sq km. There are at least three further target areas within the area covered by the soil sampling which warrant drill testing, but are not planned to be tested at this stage due to budgetary constraints.

The Inferred Resource at Tally Ho was estimated by Ms Felicity Hughes BSc(Hons) MAusIMM, MAIG, a fulltime employee of F Hughes & Associates, under the supervision of R. McNeil, D. O'Neill and Paul Abbott (CEO/Chairman, Exploration Director and Exploration Manager of Macmin Silver Ltd respectively), using GEMS geological modelling software. Ms. Hughes has considerable experience in the estimation of resources over a wide variety of commodities.

Yours faithfully,
MACMIN SILVER LTD

R.D. McNeil
CEO/CHAIRMAN

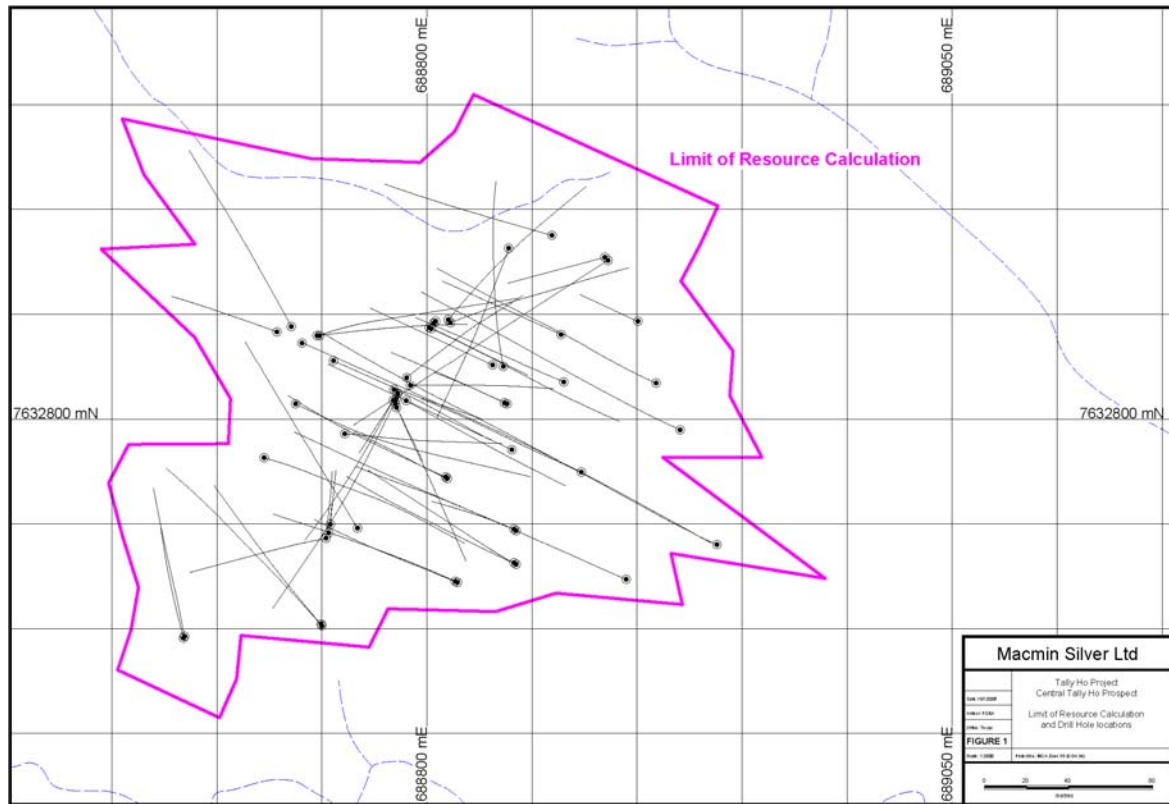
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by, or compiled under the supervision of Robert D. McNeil Fellow of AustIMM and Denis O'Neill, Member of the AustIMM. Robert McNeil and Denis O'Neill are employed by Macmin Silver Ltd and have sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Robert McNeil and Denis O'Neill consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Notes:

- *Silver Equivalent is the contained silver, copper, gold, lead and zinc that are converted to an equal amount of pure silver and summed (based on assays of mineralised rock and actual metal prices). It is used to allow interpretation of the possible theoretical 'value' of mineralised rock, without consideration of the ultimate extractability of any of the metals.
- Silver Equivalent* herein is based upon metal prices of A\$17.00/oz Ag, A\$4.02/lb Cu, A\$929/oz Au, A\$0.85/lb Pb, and A\$0.89/lb Zn. The formula used is as shown on page 1.
- The ASX requires a metallurgical recovery be specified for each metal, however, no testwork has ever been undertaken at Tally Ho and recoveries can only be assumed to be typical for silver, lead, zinc sulphide deposits.
- It is the Company's opinion that each of the elements included in the metal equivalents calculation has good potential to be recovered if the project proceeds to mining.

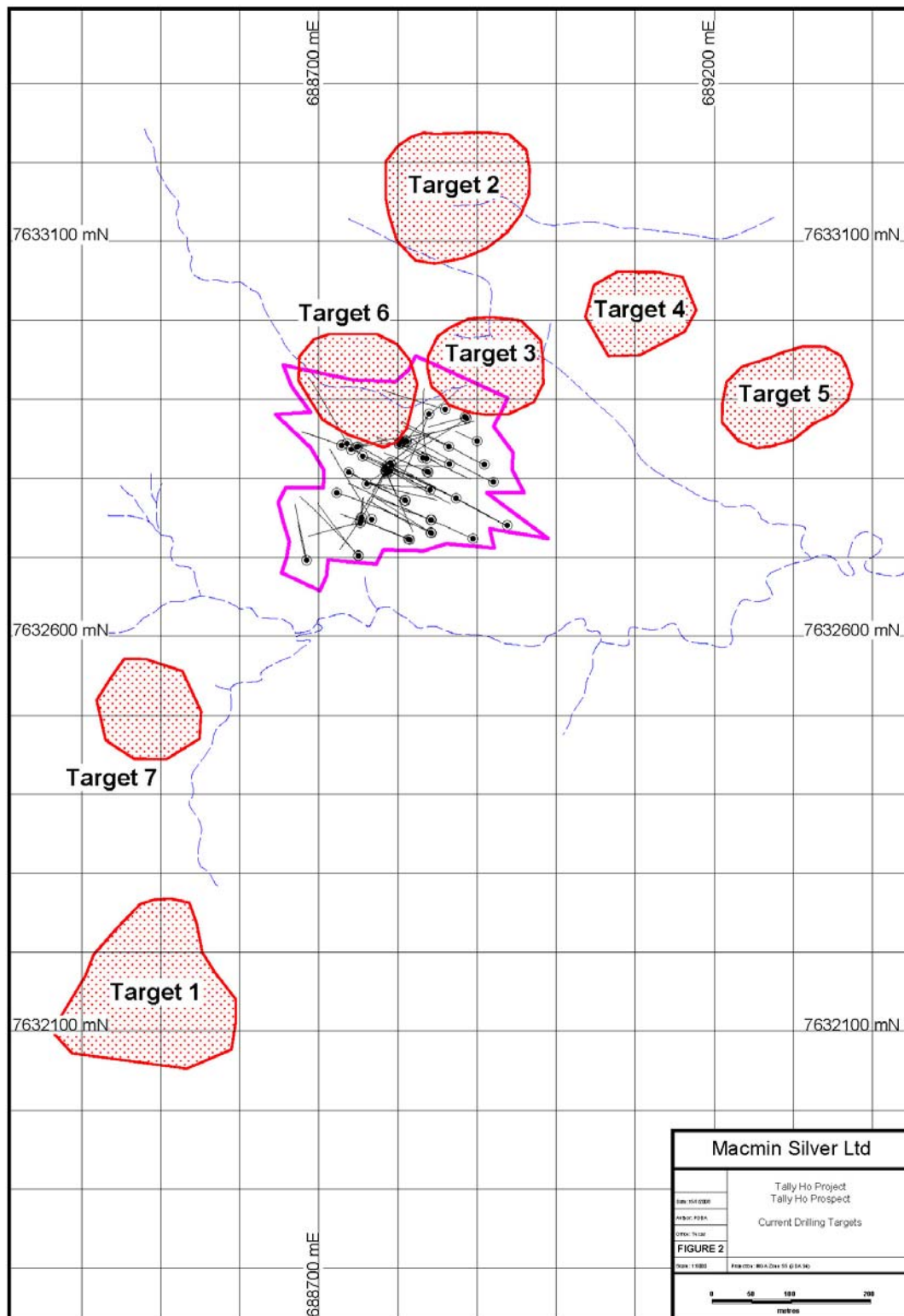
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Figure 1



SELECTED ASX RELEASES SINCE LAST QUARTERLY REPORT

Figure 2



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20th May 2008

TWIN HILLS MINE UPDATE – TEXAS SILVER PROJECT

The Twin Hills Silver Mine continues to progress towards increased silver production.

A second crusher is now installed and operating. This contract crushing circuit is additional to the previously announced upgrade of Macmin's existing crushing circuit. At present this contract crusher is crushing 100,000t medium grade ore which is on stockpile, to a size grade of 100% minus 20mm. When the upgraded Macmin crushing circuit is completed this product will be fed into the upgraded circuit, with the minus 4mm material being directly screened out and placed on the heaps and the remaining product will be further crushed to 100% minus 4mm and then placed on the heaps.

The Macmin crusher upgrade is proceeding, but as previously announced this will not be completed until the end of June and it is unlikely that full capacity will be reached until late July or early August.

The Macmin crushing circuit is presently crushing in excess of 20,000t/month to the required minus 4mm. Planning is proceeding to move to extended crushing hours, probably two eight hour shifts, but is still restricted by difficulty in hiring suitable personnel.

The initial batch of silver powder has been upgraded by removing impurities and is presently being converted to silver dore bars. Further batches of silver powder will be upgraded on a regular/semi continuous basis.

Heap Leach Pad One is now effectively completed with approximately 220,000 tonnes of ore stacked to an average height of 8 metres. This pad is approximately 55% under cyanide irrigation and is expected to progress to 100% under irrigation over the next few weeks. This should result in a substantial increase in silver leaching and subsequent silver powder production. Although this pad has been under construction for more than 12 months and has been partially leached of silver, irrigation and leaching, for various reasons, has not been continuous. To achieve continuous and complete irrigation of Pad One is a significant milestone.

Heap Leach Pad Two is approximately four weeks behind schedule and is presently being covered with a protective layer of fine material and a coarse drainage layer. Stacking of crushed ore will commence in the near future. This pad has a capacity to an 8 metre height of approximately 440,000 tonnes of ore. Irrigation and leaching of this pad cannot commence until a significant part of the pad has been built to the 8 meter height which may take two months.

The Merrill Crowe plant is presently being commissioned and initially will produce approximately one tonne of silver as a commissioning exercise to determine quality and characteristics of the product.

Bob McNeil Chairman and CEO commented:

"Firstly I would like to welcome Ian Gibson to the position of Chief Operating Officer. I am sure that Ian, together with other dedicated staff including John Magnussen, Warren Beynon, Mark Morrison and all the supervisors and employees at the Twin Hills site are making every effort to increase silver production at the mine. I thank them for their efforts and dedication.

We have had numerous requests by phone and email for details of the Twin Hills progress. Although these have been reported before we have described all aspects of the progress at the mine and the process including problems that have developed during commissioning, below. Firstly a brief description of heap leaching is probably appropriate.

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Heap leaching was introduced in the 1970's as a means to drastically reduce gold recovery costs. It is also effective with silver in certain circumstances. This process has literally made many mines by taking low grade resources and transforming them into a viable mine.

Heap leaching involves placing crushed or run of mine ore in a pile built upon an impervious liner. Cyanide solution is distributed across the top of the pile and the solution percolates down through the pile and leaches out the silver/gold. The silver/gold laden pregnant solution drains out from the bottom of the pile and is collected for recovery by either carbon adsorption, zinc precipitation (Merrill Crowe), or in Macmin's case by Electrowinning. The barren solution is then recycled to the pile.

Heap leaching generally requires 60 to 150 days for processing ore that could be leached in 24 hours in a conventional agitated leach process. Recovery is typically about 70% as compared with 90% in an agitated leach plant. Even with this lower recovery performance, the process has found wide favour, due to the vastly reduced processing costs compared with agitated leaching."

1. Resources/Grade Control

Resources were defined by earlier drilling and were used as part of the feasibility study. Grade Control drilling is/has been carried out to guide the accurate mining of silver ore. In some projects there are significant differences between original resources and mined ore. In the case of Twin Hills grade control drilling and mining has confirmed the original estimates of silver content of the ore. No problems have been identified with the resource.

2. Mining

Mining is carried out using hired equipment operated, supervised and directed by Macmin Staff. Mining of ore and waste is proceeding to plan and there are no problems in this department.

3. Crushing, Agglomerating and Stacking

To achieve satisfactory leaching/recovery of silver from the rock, the ore must be crushed or converted to size fractions of 100% minus 4mm size, including 50% minus 1mm size, **either by crushing or during blasting of the ore prior to mining**. At this ore sizing, feasibility studies suggested that 70/72% of the silver would be recovered. The minus 4mm fraction is then agglomerated or mixed with cement and lime to achieve a better product for leach solution percolation and the required pH of 10. It is then stacked on the heap or heaps for leaching.

The commissioning showed that the crushing circuit as specified by the feasibility study, and operated on a single shift basis was inadequate to achieve sufficient crushed material. The reasons were: maintenance problems with the crushing circuit; the inability to hire sufficient trained operators to run more than a single day shift; and inadequate screens to remove the fine fraction early in the crushing process. For example, when blasted, the ore contains 15 to 30% of the required size (i.e. less than 4mm) which does not require further crushing. However, the present circuit required all that material to traverse the crushing circuit as the size screens incorporated in the current circuit were inadequate to remove the fines at an early stage in crushing. This resulted in "clogging up" of the circuit and maintenance problems. Alternatively, if crushing could have been maintained on a 24 hour basis this problem could have been partly offset. Because of intense competition for trained operators in the mining industry at present, we can not hire sufficient trained personnel and consequently we have had to train our own operators. This is time consuming. A further unanticipated problem is that the ore is harder and more abrasive than predicted.

These problems have been resolved in several ways:

- a Macmin crusher upgrade is underway whereby major additional screening capacity has been incorporated into the circuit. Unfortunately it has taken more than 6 months from when

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a decision to proceed with the upgrade was taken, to completion due to the general shortage of equipment for the mining industry.

- a second contract crusher has been added to the circuit to provide an initial crush size of 100% minus 20mm.
- closer drill and blast patterns have been incorporated in the mine plan to produce as much minus 4mm product as possible without crushing.
- initially move to a 10/12 hour day crushing shift, and to two by 8/10 hour shifts in the near future.
- install a contract crushing supervisor on site from contract crushing organisation Pacrim.

Our initial target is to place 60,000 tonnes of minus 4mm material on heaps/month, moving to 100,000/120,000 tonnes/month as ore grades decrease. This latter target may require further crushing capacity.

The timing of achieving the initial objective of 60,000 tonnes/month on to the heaps is difficult to predict, but unlikely to occur before August 2008.

Stacking of ore on the heaps using conveyers and “grasshoppers” was found to be unsatisfactory, and we have moved to stacking by trucks. This does not appear to impede solution circulation.

4. Heap Leaching

After being placed on heaps 8 metres high, the ore is saturated with cyanide leaching solution which dissolves the silver. The solution (pregnant solution) with the dissolved silver is collected and stored in specially constructed and covered ponds.

To date, leaching has not been continuous. This was caused by several factors: the fact that Leach Pad One is only now being completed; because of experimentation with various ways of applying the leach solution such as sprinklers and drippers; use of different volumes of solution; accumulation of silt in the ponds caused by early rain events; and other minor factors.

All these factors have now been remedied and we will commence complete and continuous leaching of Pad One within the next two weeks.

Leach rates are still uncertain because of the irregular irrigation of parts of Heap One, however, tests suggest that leaching rates will be slower than predicted in the feasibility study and it may take more than the six months predicted in the Feasibility Study to extract the predicted 70/72% silver from the heaps. At this stage we have no evidence to suggest that recoveries of 70/72% will not be ultimately achieved. The problem in slower leach rates is that we will not be able to proceed with a second lift to the pads, as originally planned, as early as anticipated (to a height of say 16 metres). Thus additional leach pads may need to be constructed for continued silver production.

5. Silver Powder Production

The silver is extracted from pregnant solutions using an electrowinning process. This EMEW plant contains 180 cells, is modular, and can be relatively easily increased in capacity.

The EMEW plant is now running on a 24 hour/7day schedule. Each cell in the plant has not produced at the rate specified by the manufacturers, Electrometals Ltd, but by experimentation, its capacity is gradually being increased. Problems have also arisen with the coatings on some anodes and these have now been replaced. As the plant was designed with at least 50% overcapacity, the

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reduced capacity of each individual EMEW cell is not expected to be a problem with production in the near term, but could restrict expansion.

The leaching solutions from the heap carry 60 to 90g/t silver. The EMEW plant has shown to be inefficient in extracting or reducing the silver in leach solutions below 40g/t silver. These "barren" solutions which still contain 40g/t silver are then recycled to the heap, with further dissolved silver rebuilding the solutions to 60 to 90g/t silver. There is a concern that it is inefficient to recycle solutions with as much as 40g/t contained silver. Consequently a Merrill Crowe plant has been installed to remove further silver to much lower concentrations. The intent is that silver will be reduced to 40g/t by electrowinning, then pass through the Merrill Crow which will reduce silver content to less than 10g/t. This "barren" solution will then be recirculated to the heaps.

Alternatively, at present, as we ramp up irrigation, the barren solution is diluted with additional fresh water to reduce the silver content to acceptable levels.

The Merrill Crowe plant is presently being commissioned and should be "on line" in the near future.

6. Marketing

The silver powder produced is very fine grained with a size range of 72% less than 20 microns.

Some of the silver powder is presently being sold "as is" for specific applications. However an unexpected side effect of the EMEW plant is that it also extracts some other metals and the silver powder produced to date contains contaminants which are unacceptable to some buyers. These are removed before smelting and this being done successfully in Melbourne, Australia. The silver powder can then be smelted, refined and sold.

Alternatively we are still discussing offers to purchase the powder "as is". In this matter we are attempting to maximise the return to the Company.

Yours faithfully,
MACMIN SILVER LTD

R.D. McNeil
CEO/CHAIRMAN
