



MACMIN SILVER LTD
(A.B.N. 53 056 776 160)



ASX Announcement

31 July 2008

**REPORT ON ACTIVITIES –
QUARTER ENDED 30th JUNE 2008
(AND CURRENT UPDATE)**

1.0 SUMMARY

Mining

- Silver leaching and powder production increased with approximately 131,000oz of silver contained in powder produced during the quarter. 73,000oz of silver was sold during the quarter.
- Construction and installation of the first module of Merrill Crowe silver extraction capacity was completed and commissioning commenced.
- Construction of footings for the installation of the first stage upgrade to the crushing circuit was undertaken in readiness for the arrival of components in July with commissioning expected in August.
- A contract crusher mobilized to site and commenced crushing 100,000 tonnes of stockpiled ore to <20mm over about four months as feed for the existing final stage crusher.

Exploration

- 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 (ASX Release 28th July).
- Assays recently received from diamond drilling on the western flank of the Mt Gunyan prospect have improved the western bulk tonnage mineralisation and extended the higher grade northern pod. Highlights of the drill holes are as follows:

**MGD017 6m (70-76m) @ 103g/t Ag and 0.12%Zn
 Including 2m @ 235g/t Ag**
**MGD022 20.35 (6.25-26.6m) @ 102/t Ag,
 Including 2m @ 541g/t Ag and 0.28 g/t Au**

Corporate

- The Company has elected to make the first repayment of the Convertible Note Loan (due date 5 May 2008) by the issue of shares in five tranches.



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 130,000oz. Sales of 73,000oz silver were made during the quarter. At quarter end the Company had 82,000oz of silver bullion in a metal account ready for sale.

2.1.2 Improvements to operating procedures and throughput continued in the Crushing Circuit pending the Stage 1 upgrade. A very experienced crushing and maintenance manager was recruited from an expatriate position during the quarter and commenced duties in July.

2.1.3 Commissioning of the first module of Merrill Crowe silver extraction capacity commenced and a sample of product has been sent for analysis to determine the required operating parameters and to provide information for marketing.

2.1.4 Loading of the initial leach pad area was completed and it contains 240,000 tonnes of crushed ore. Stacking commenced on the next leach pad which will hold approximately twice that amount of ore. Plans for the third pad area (southern extension of Pad 2), were prepared and earthworks will commence in August.

2.1.5 *Electrowinning*

Replacement anodes have been sourced and fitted as required and the plant has continued to satisfactorily produce silver powder.

The mine production statistics for the quarter are as follows:

Quarter Ended	Silver leached from ore oz	Powder produced (silver content) oz	Silver Sold oz
March 2008	95,000	77,000	18,000
June 2008	109,000	131,000	73,000

A total of 265,000 tonnes was mined as follows:

- Ore 120,000 tonnes (47,000 March Qtr)
- Low grade stockpile 48,000 tonnes (28,000 March Qtr)
- Waste 96,000 tonnes (57,000 March Qtr)

Fiscal year to date mining figures were incorrectly included in the previous quarterly report instead of figures for the quarter. The correct mining figures for March quarter are shown above.

There is approximately 100,000 tonnes of ore on the stockpile ready for crushing.

3.0 CURRENT UPDATE

3.1 **Crushing**

Although it is behind schedule, components for the stage one crushing circuit upgrade have begun arriving on site. Pad preparation and footings are complete and assembly of steelwork and conveyors has commenced. The contractor has experienced delays in delivery of components typical of those throughout the industry at present.

It is now expected that the upgraded circuit will commence operation during August and the impact of additional crushing capacity should effect silver production from October.

3.2 Silver Sales

43,000oz have been sold in July.

4.0 EXPLORATION

4.1 Mt Gunyan Prospect

Macmin Silver Ltd has recently received assay results for 4 drill holes of our on going drilling programme at Mt Gunyan, which commenced last year. The Mt Gunyan prospect is situated within 3km of the Twin Hills Silver mine, near Texas in SE QLD.

Diamond drilling on the western flank of the Mt Gunyan prospect has improved the western bulk tonnage mineralisation and extended the higher grade northern pod. Highlights of the drill holes are as follows:

**MGD017 6m (70-76m) @ 103g/t Ag and 0.12%Zn
Including 2m @ 235g/t Ag**

**MGD022 20.35 (6.25-26.6m) @ 102/t Ag,
Including 2m @ 541g/t Ag and 0.28 g/t Au**

The mineralisation in MGD022 has extended the higher grade Northern Pod to the south 40m. MGD017 has bolstered the lower grade bulk tonnage mineralisation with an intercept of 20.35m @ 102g/t Ag, while MGD018 has restricted this mineralisation to the south-west.

TABLE 1 –Drill Results.

Hole No	Interval From To (m)	Length (m)	Silver g/t	Au g/t	Lead (%)	Zinc (%)
MGD017	46 - 54	8	40	-	0.14	0.19
	70 - 76	6	103	-	-	0.13
	Including 74 -76m	2	235	-	-	-
MGD018	NSI					
MGD021	151.37 – 151.86	2	72	0.07	0.55	1.72
MGD022	6.25 – 26.6	20.35	102	-	-	-
	Including 9.52 – 11.05	1.53	541	0.28	-	-

TABLE 2 – Hole locations for Table 1 data.

Hole No	Northing	Easting	Easting	Northing	RL	Depth	DIP	AZI	AZI
	Local Grid	Local Grid	MGA	MGA		(m)		MAG	Local Grid
MGD017	5125.47	5877.68	332983	6809681	540.6	89.6	-90	0	0
MGD018	5107.53	5853.91	332968	6809655	540.6	80.3	-90	0	0
MGD021	5053.67	5700	332932.5	6809500	556.17	176.2	-63	60	75
MGD022	5208.12	5899.42	333063	6809713	553.8	100.3	-90	0	0

Sampling & Assaying Details

Sampling of percussion holes was undertaken over the full length of each hole on a 2 metre interval basis. Sampling of Diamond Core was undertaken over mineralised and altered zones, sample intervals were determined from geological intervals. In broad zones of alteration 2 metre intervals were selected.

As part of the Company's quality control programme, a duplicate sample is collected about every 20 samples and submitted under a different sample number providing a check on repeatability.

Assaying is carried out by ALS Chemex in Brisbane using the ICP technique for silver, copper, lead, zinc, arsenic and antimony. Gold is assayed by the ICPMS technique.

Drill holes Collars have been located with a hand-held Garmin GPS unit. Down hole surveys are recorded with an Eastman style single shot camera.

4.2 Tally Ho Prospect

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.

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 attached ASX Release of 28th July provides an update on the Tally Ho Prospect.

Drill Sampling & Assaying Details

Sampling of percussion holes was undertaken over the full length of each hole on a 2 metre interval basis. Sampling of Diamond Core was undertaken over mineralised and altered zones, sample intervals were determined from geological intervals. In broad zones of alteration 2 metre intervals were selected.

As part of the Company's quality control programme, a duplicate sample is collected about every 20 samples and submitted under a different sample number providing a check on repeatability.

Assaying is carried out by ALS Chemex in Brisbane using the ICP technique for silver, copper, lead, zinc, arsenic and antimony. Gold is assayed by the ICPMS technique.

Drill holes Collars have been located with a hand-held Garmin GPS unit. Down hole surveys are recorded with an Eastman style single shot camera.

Stream, Soil & Rock Sampling & Assaying Details

Stream sediment samples consist of approximately 100g of 180µm collected from the fine silt fraction of the active drainage.

Soil samples consist of approximately 100g of -2mm (Texas Project), -1mm (Rivertree Project) or -180µm (Tally Ho Project) material collected from below the humic layer.

Rock samples are typically 1-2kg in size.

Assaying is carried out by ALS Chemex in Brisbane using an aqua regia digest which is analysed with the ICP technique for silver, copper, lead, zinc, arsenic and antimony and analysed by the ICPMS technique for Gold.

5.0 CORPORATE

The Company has exercised its right to make the first repayment of US\$1.5M in respect of the Convertible note loan by the issue of shares in five tranches. The repayment due date was 5 May 2008 and a total of 2,647,375 shares were issued in the quarter to 30 June, representing a repayment of US\$300,000 (AUD\$321,251). A further US\$300,000 was repaid after the end of the quarter by the issue of shares in July.

No directors have any Macmin shares exposed by way of margin accounts or financing arrangements.

6.0 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 30 June 2008
<i>New Guinea Gold Corporation (TSX) www.newguineagold.ca</i>	<i>17,847,020</i>	<i>\$8.4M</i>
<i>Malachite Resources NL www.malachite.com.au</i>	<i>1,500,000</i>	<i>\$0.3M</i>
<i>Frontier Resources Ltd www.frontierresources.com.au</i>	<i>5,425,000</i>	<i>\$0.2M</i>

7.0 NEW GUINEA GOLD

New Guinea Gold Corporation (11.4% 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.

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 11.4% 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.

R.D. McNeil
CHIEF EXECUTIVE OFFICER & CHAIRMAN

The information in this report that relates to Exploration Results and Mineral Resources 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.