



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

QUARTERLY REPORT 30 September 2008



SUMMARY

Mining

- Silver leaching and powder production decreased slightly with approximately 109,000oz of silver contained in powder produced during the quarter. Lower production was due to the initial stacking of the second leach pad, which resulted in disruption to irrigation of the ore and subsequent lower grade feed solution to the extraction plants.
- Commissioning of the first module of Merrill Crowe silver extraction plant continued, producing quantities of silver bearing product for optimisation and marketing purposes.
- Supply and assembly work on the components for the upgrade to the crushing circuit was undertaken and as at the date of this report mechanical assembly of the crushing upgrade is complete, commissioning has commenced but we are now awaiting final electrical certification to enable integration with the original crushing circuit.

Exploration

- Drilling beneath the Silver Spur Mine Workings intersected a significant mineralised zone of 215.73m – 237.17m (21.44m downhole) at 9g/t silver, 1.53% zinc, 0.86% lead and 0.05% copper. Within this zone the better intercepts included:
 - 2.62m at 33g/t silver, 4.88% zinc, 2.80% lead and 0.14% copper from 221.36m downhole; and
 - 0.40m at 51g/t silver, 8.36% zinc, 5.36% lead and 1.12% copper from 234.25m downhole.

Corporate

- An entitlements issue closed on 19 September 2008 raising \$934,935.
- The Company sold 7 million of the 17.8 million shares it held in New Guinea Gold Corporation, raising \$1.75M.

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.

Twin Hills (ML 50161) - Development and Production Activities Summary

- Silver leaching and powder production decreased 5% and 17% respectively with approximately 109,000oz of silver contained in powder produced during the quarter. 136,000oz of silver was sold during the quarter compared to 73,000 oz in the previous quarter. Reduced production was due to the initial stacking of the second leach pad, which resulted in disruption to irrigation of the ore and subsequent lower grade feed solution to the extraction plants.
- Commissioning of the first module of Merrill Crowe silver extraction plant continued, producing small quantities of silver bearing product for optimization and marketing purposes. The introduction of this additional extraction process has now been shown to successfully strip silver from the solutions down to almost zero. Commercial production, subject to suitable refining tests is now being accelerated and additional filtering capacity for the Merrill Crowe system as well as a second module is being considered.
- Engineering and electrical contractors began assembly and connection work on the components for the upgrade to the crushing circuit during the quarter and as at the date of this report mechanical assembly of the crushing upgrade is complete, commissioning has commenced but we are now awaiting final electrical certification to enable integration with the original crushing circuit.
- Recruitment of staff to allow for additional shifts on the crushing operation has commenced so that the upgraded circuit, once commissioned, can be operated longer hours to maximize production.

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
September 2008	104,000	109,000	136,000

A total of 355,000 tonnes was mined as follows:

- Ore 145,000 tonnes (120,000 June Qtr)
- Low grade stockpile 25,000 tonnes (48,000 June Qtr)
- Waste 185,000 tonnes (96,000 June Qtr)

There is approximately 160,000 tonnes of ore on the stockpile ready for crushing.

OCTOBER 2008

An update was announced to the ASX on 23 October 2008, including forecast production estimates. A copy is included in Appendix A.

A further 400,000 NGG shares were sold in October raising CAD\$91,239.

EXPLORATION

Silver Spur Mine Area

The initial diamond core hole (SSD5) of our current exploration programme, targeting depth extensions of the historic Silver Spur Mine workings has recently been completed (ASX Release of 19 August 2008). The hole has intersected a significant mineralized zone from 215.73 – 237.17m (21.44m down hole) at 9g/t silver, 1.53% zinc, 0.86% lead and 0.05% copper. Better intercepts within this 21.44m zone are outlined below:

2.62m @ 33g/t silver, 4.88% zinc, 2.80% lead and 0.14% copper from 221.36m
incl. 0.49m @ 82 g/t silver, 11.90% zinc, 7.26% lead and 0.32% copper from 221.36m
1.61m @ 7g/t silver, 3.08% zinc, 1.56% lead and 0.01% copper from 227.84m
0.40m @ 51g/t silver, 8.36% zinc, 5.36% lead and 1.12% copper from 234.25m

In addition to the strike and depth potential for identifying and delineating economic grade mineralisation at the historic Silver Spur Mine, there is also scope to identify repetitions of the Silver Spur style mineralisation associated with parallel and/or offset structures.

Reprocessing of aeromagnetic data will be undertaken and reviewed/reinterpreted in conjunction with all available geological and geochemical datasets to define additional exploration targets in close proximity to the historic Silver Spur Mine.

Along with additional deep diamond drilling required to test the along strike and depth potential of the current Silver Spur Mine area, shallow percussion drilling will be undertaken targeting favorable structural positions as identified by our planned data review.

Mt Gunyan Prospect

As a result of our current need to focus our drill crews on grade control and other mine related operations the planned work to update the resource calculation for the 'shallow' section (i.e. down a depth of between 50 and 75m below the ground surface) of the Mt Gunyan prospect have been rescheduled to a later date. Original plans were to have this work completed by the end of the current quarter. All drilling and assay data to allow this update to be undertaken, and results previously released to the ASX indicate that the northern section of the prospect may contain a larger volume of higher grade material than previously outlined.

Some of the better results from the drilling undertaken in 2007 and the first half of 2008 as previously reported are outlined in the tables below:

MT GUNYAN - BEST INTERCEPTS

Hole No.	Interval From To (m)	Length (m)	Silver g/t	Gold g/t	Lead (%)	Zinc (%)
MGD004	16 - 18	2	106	-	-	-
	95 - 96	1	116	3.16	-	-
MGD009	42 - 60	18	74	-	0.08	0.14
	Incl. 42 - 52	10	110	-	0.14	0.11
	Incl. 42 - 43	1	524	-	0.47	0.14
	126 - 128	2	80	-	<0.01	0.08
MGD011	12 - 14	2	72	-	0.04	0.13
MGD012	34 - 36	2	116	0.05	0.60	0.08
MGD013	133.87 - 136.37	2.5	79	0.04	0.10	0.19
MGD015	131.02 - 131.4	0.38	176	6.52	9.18	16.9
MGD017	70 - 76	6	103	-	-	0.13

MT GUNYAN - BEST INTERCEPTS Continued...

Hole No.	Interval From To (m)	Length (m)	Silver g/t	Gold g/t	Lead (%)	Zinc (%)
MGD022	6.25 - 26.6	20.35	102	-	-	-
	incl. 9.52 - 11.05	1.53	541	0.28	-	-
MGP263	34 - 36	2	112	0.58	0.75	0.13
MGP264	2 - 6	4	72	0.02	0.10	0.05
MGP269	0 - 2	2	144	0.01	0.32	0.03
MGP270	30 - 40	10	133	0.05	0.09	0.09
MGP297	12 - 16	4	85	-	0.21	0.03
MGP297	22 - 26	4	70	-	0.14	0.05

MT GUNYAN - HOLE LOCATIONS

Hole No.	Northing Local Grid	Easting Local Grid	Easting MGA*	Northing MGA*	RL (m)	Depth (m)	DIP	AZI MAG	AZI Local Grid
MGD004	5216	5936	333074	6809750	545.3	110	-60°	75°	90°
MGD009	5603	5200	333087	6809416	585.6	150	-60	75	93
MGD011	5612	5229	333116	6809428	583	91.5	-60	75	90
MGD012	5295	5705	333173	6809526	585.5	107.9	-70	75	90
MGD013	5292	5704	333170	6809526	585.5	197.8	-60	255	270
MGD015	5132	5725	333009	6809532	585.7	147.1	-90	0	0
MGD017	5125.47	5877.68	332983	6809681	540.6	89.6	-90	0	0
MGD022	5208.12	5899.42	333063	6809713	553.8	100.3	-90	0	0
MGP263	5095	5601	332986	6809409	580	60	-90	0	0
MGP264	5175	5878	333033	6809687	552	60	-90	0	0
MGP269	5057	5731	332932	6809525	551	60	-90	0	0
MGP270	5317	5928	333168	6809755	546	60	-60	75	90
MGP297	6092	5304	333148	6809913	514.2	60	-90	0	0

* The MGA co-ordinates are on the GDA94 Datum and in Zone 56

Results from a number of deeper drill holes, both historic and from more recent drilling (see ASX release dated 25th September 2007) indicate that there is potential to intersect high grade base metal and gold mineralisation at depth. Further deep drilling coupled with possible down hole geophysical techniques will be required to establish if these early indications will lead to the discovery of economic grades and tonnages of sulphide mineralisation.

Tally Ho Prospect

Results for the RC drilling programme completed in late August, have been received and are in the process of being fully evaluated.

A total of 25 holes for 2,581m have been drilled with all holes drilled on Targets 2, 4, 5 and 6 intersecting large zones of strong sericite alteration, with variable amounts of quartz veining and DTBQ (dog tooth quartz breccia).

Unfortunately, most of these intervals have only returned weakly elevated geochemical assay results. The best intercepts have been returned from three holes drilled on Target 2, the results of which are outlined below. ASX release dated 28th July 2008 shows the locations of these Targets.

Tally Ho Drill Results

Hole No.	Interval		Length	Silver g/t	Gold g/t
	From	To			
GRRC066	4	6	2	80	0.02
GRRC067	56	70	14	143	-
incl.	56	58	2	922	-
GRRC068	12	16	4	126	0.02

Tally Ho Hole Locations

Hole ID	Easting MGA**	Northing MGA**	RL	DIP	AZI MAG	AZI MGA GRID	DEPTH
GRRC066	688854.7	7633113.5	262.5	-80	122	131	100
GRRC067	688852.6	7633105.1	262.0	-50	174	183	100
GRRC068	688850.8	7633113.9	264.2	-60	290	299	100

** The MGA co-ordinates are on the GDA94 Datum and in Zone 55

Along with the drilling programme outlined above, a number of rock chips were collected from within the greater prospect area. The best rock chip results are outlined in the table below.

Best rock chip sample results

Sample ID	Easting MGA**	Northing MGA**	Ag ppm	Au ppm	Cu ppm	Pb ppm	Zn ppm	As ppm	Sb ppm	Bi ppm	Mo ppm
600,024	689,083	7,632,991	21.8	0.9	138	1200	60	3	7	180	13
600,025	689,086	7,632,993	2.2	0.03	49	53	59	1	2	3	8
600,032	689,093	7,633,002	2.4	0.07	60	53	33	1	2	12	9
600,034	689,095	7,633,004	1.2	0.02	47	31	31	1	2	2	15
600,035	689,095	7,633,006	1.4	0.02	57	12	39	1	2	2	11
600,038	688,570	7,632,150	24.3	1.4	311	191	80	33	3	5	5
600,039	688,900	7,633,300	1.4	0.03	26	85	87	28	2	2	1
600,040	688,850	7,632,600	157	0.03	169	2650	93	329	596	19	2
600,073	689,106	7,632,982	1.1	0.01	91	27	60	4	2	2	11
600,075	689,107	7,632,983	2.3	0.03	81	76	36	2	2	5	11
600,076	689,107	7,632,984	1.4	0.02	75	103	43	1	2	5	8
600,080	689,107	7,632,989	3.6	0.01	67	29	42	2	2	2	7

** The MGA co-ordinates are on the GDA94 Datum and in Zone 55

CORPORATE

- An entitlements issue was offered via a prospectus and closed on 19 September 2008 raising \$934,935 by the issue of 13,356,503 shares and the same number of listed MMNOB options.
- The Company has sold 7 million of the shares it held in New Guinea Gold Corporation (NGG), which is listed on the TSX venture exchange. The sale raised approximately AUD\$1.75M net and reduces the Company's holding to approximately 11 million shares or 7% of NGG. A copy of the full announcement regarding this sale and details of the Company's remaining interests in New Guinea Gold Corp is included in Appendix A.

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 Sept 2008
<i>New Guinea Gold Corporation (TSX) www.newguineagold.ca</i>	<i>10,847,020</i>	<i>\$2.9M</i>
<i>Malachite Resources NL www.malachite.com.au</i>	<i>1,500,000</i>	<i>\$0.2M</i>
<i>Frontier Resources Ltd www.frontierresources.com.au</i>	<i>5,425,000</i>	<i>\$0.2M</i>

NEW GUINEA GOLD

New Guinea Gold Corporation (6.95% 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 a 6.95% 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
CEO & CHAIRMAN

31st October 2008

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.

Kc/rdm022.08

23rd October 2008

TWIN HILLS PRODUCTION FORECASTS

Mechanical installation of the upgraded crushing circuit has been completed and commissioning has commenced. Increased crushed product is expected to be available for stacking in the near future.

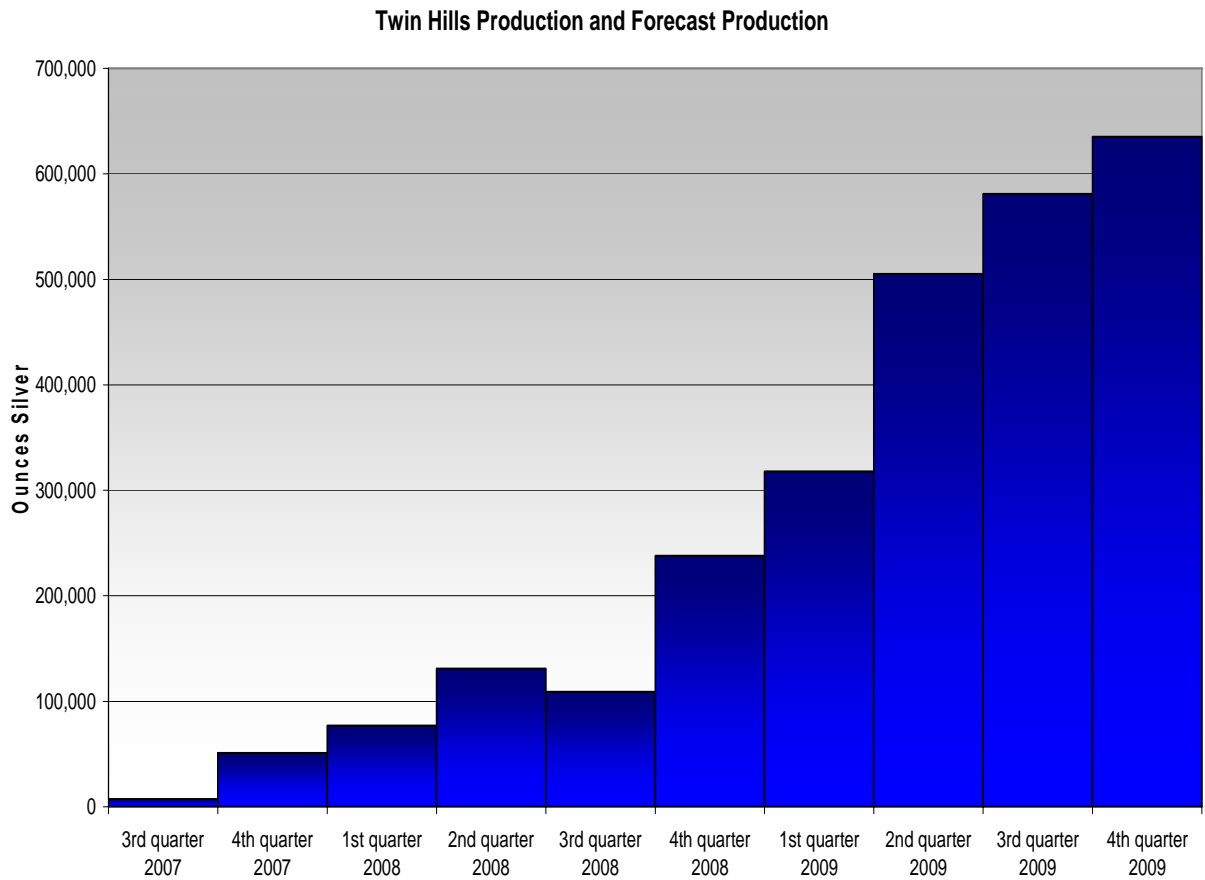
Based on the earlier crushing study the forecast silver production and site production cash costs for the Twin Hills Silver Mine are as shown in the table below. Silver production and forecasts are illustrated on the bar chart.

	3 rd QTR 2008	4 th QTR 2008	1 st QTR 2009	2 nd QTR 2009	3 rd QTR 2009	4 th QTR 2009
Ounces Silver Produced or Projected Silver Production	109,000	261,000	303,000	514,000	579,000	635,000
Tonnes Ore Stacked	82,000	169,000	240,000	240,000	270,000	300,000
Site Production Cash Cost of Silver Produced in AUD\$/ounce		22.00	22.00	13.00	12.00	11.50
Site Production Cash Cost of Silver Produced in US\$/ounce as at October 21 st 2008		15.00	15.00	9.00	8.00	8.00

The Company cautions that these figures are based on the following assumptions which could vary and may not be achieved. We believe the assumptions are realistic but they remain to be confirmed over time.

Note:

- US\$ to AUD\$ exchange rates will vary and thus cause the US\$/oz site production cost to change. The AUD\$/oz site production cash cost will not vary significantly with exchange rate fluctuations.
- The above projections are based on both the Crushing Circuit upgrade study and increased shifts, and could vary depending on the crushing upgrade performance.
- It is important to note that there is a minimum three month time lag between the time of stacking ore on the heaps, allowing leaching to commence, and the sale of the silver bullion produced from that ore. For this reason a positive net cash flow will not be achieved until the second quarter of 2009.
- Approximately \$AUD1.2 million in additional capital is required to expand the Merrill Crowe silver recovery facility and purchase a standby jaw crusher.
- To remain viable and achieve the above production levels and costs, the Company will need to raise a minimum of AUD\$5 million, including the capital above, by sale of assets and by an equity raising.



In response to queries from shareholders, the Company is investigating the possibility of marketing its own silver bullion. There is a long lead time required, however, so this could not be achieved until early 2009.

Yours faithfully,
MACMIN SILVER LTD

R.D. McNeil
CEO/CHAIRMAN

16th October 2008

**SINIVIT HIGH GRADE GOLD ZONE CONTINUES TO EXPAND
WITH INTERSECTION OF 8m at 36.7g/t GOLD**

14th October 2008

**SIGNIFICANT TELLURIUM VALUES FOUND IN RE-ASSAY OF SINIVIT DRILL RESULTS
*2M AT 3940G/T AND 14M AT 1467G/T PLUS COPPER, GOLD AND SILVER***

20th August 2008

**SINIVIT DRILLING INTERSECTS FURTHER OXIDE GOLD
RESULTS such as 20m at 17.2g/t GOLD**

19th August 2008

**NEW GUINEA GOLD ANNOUNCES MINE DEVELOPMENT STRATEGY
TELLURIUM A POSSIBLE BONUS AT SINIVIT**

14th August 2008

**SINIVIT DRILLING INTERSECTS 20m at 25.7g/t GOLD
and 2.19% COPPER INCLUDING 2m at 158.0g/t GOLD and 4.32% COPPER**
