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## ASX Announcement

28<sup>th</sup> 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



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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:

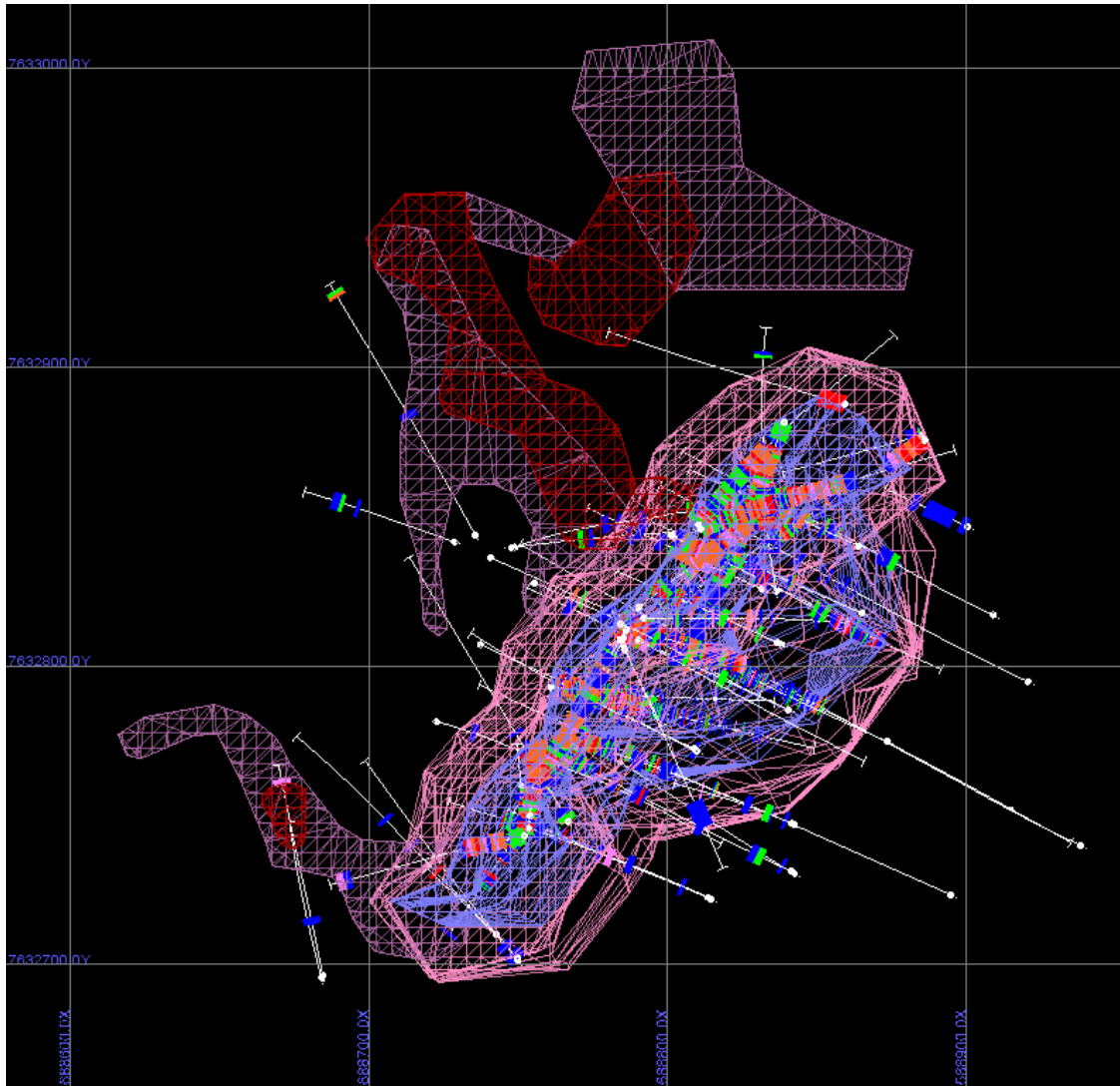
- There is insufficient information as yet available to adequately estimate density, both for individual rock types/domains, and with weathering changes with depth. No density information is available to estimate tonnage within the blocks which are currently being included in the Inferred Resource. Density 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 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.

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The Resource is visually depicted in the diagram below:



### 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.

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**

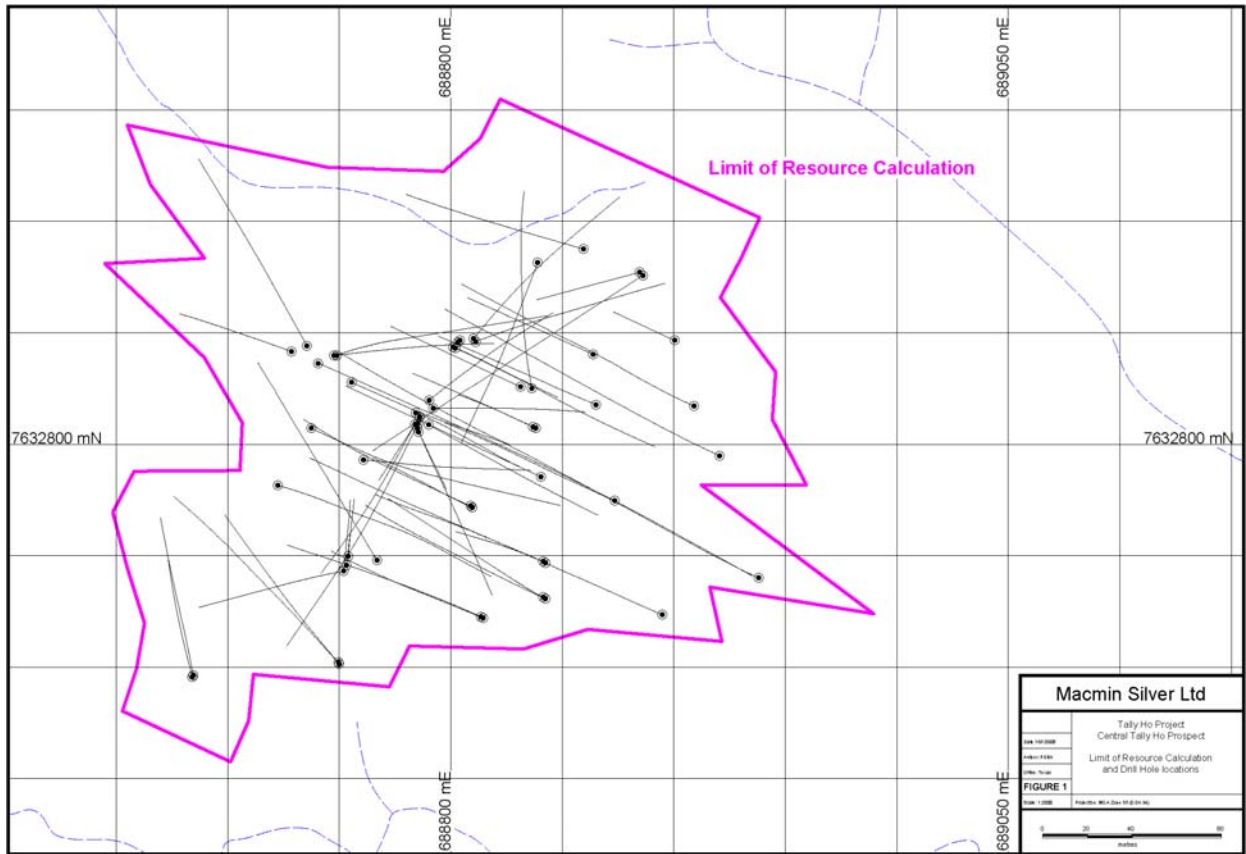
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by, or compiled under the supervision of Robert D. McNeil Fellow of AustIMM and Denis O'Neill, Member of the AustIMM. Robert McNeil and Denis O'Neill are employed by Macmin Silver 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.

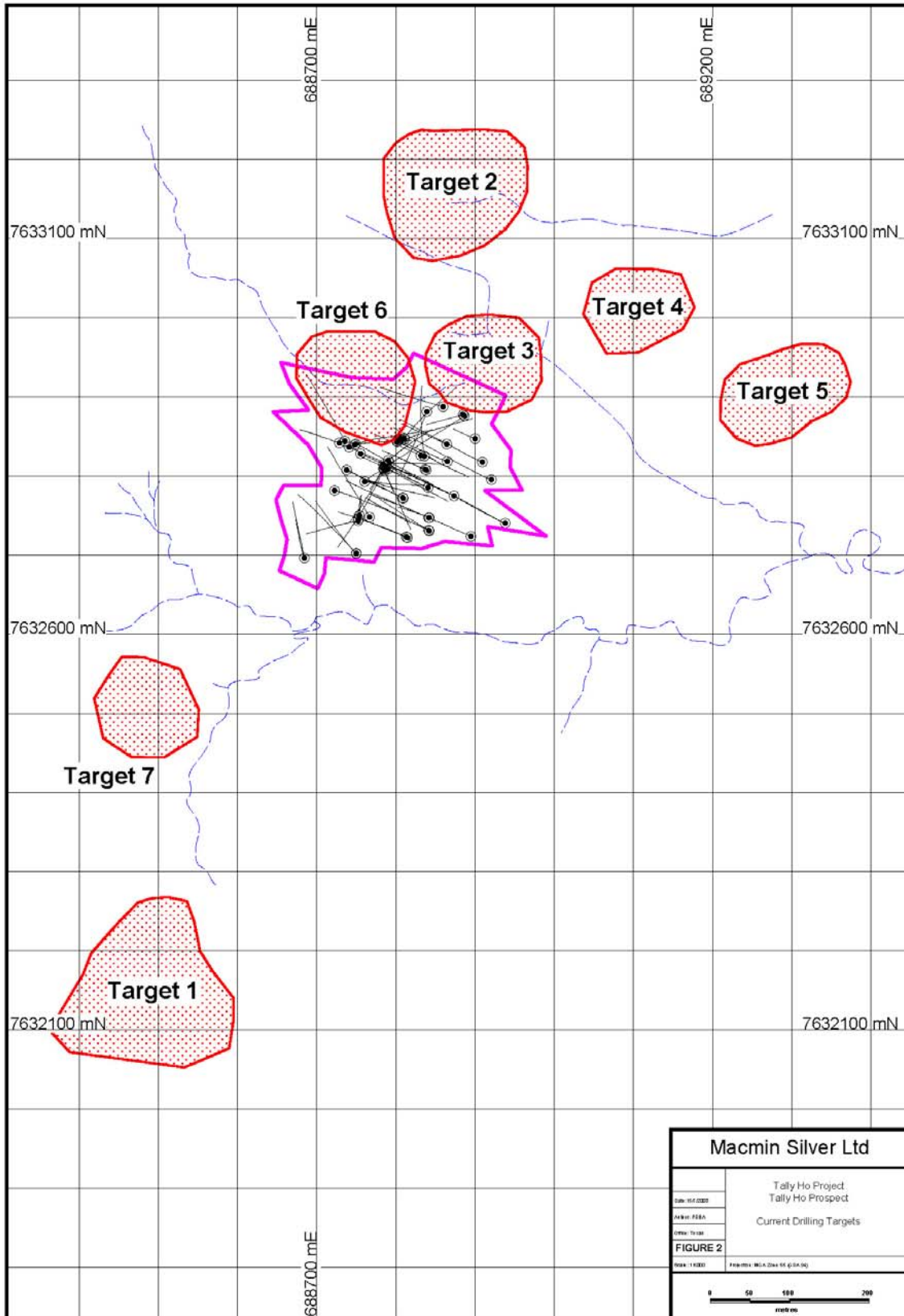
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Figure 1



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Figure 2



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