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(SYMBOL: "SEG" TSX)

## SILVER EAGLE REPORTS PRE-FEASIBILITY RESULTS FOR MIGUEL AUZA MINE

Toronto, Ontario – Silver Eagle Mines Inc. (TSX: SEG) is pleased to report on the results of a pre-feasibility study prepared by Silver Eagle and reviewed by Scott Wilson Roscoe Postle Associates Inc., for Silver Eagle’s wholly-owned Miguel Auza Mine in Zacatecas, Mexico. The study includes geological, mining, metallurgical, mineral process and economic analyses of the Calvario and Milagro Veins at the Miguel Auza Mine, which has been the focus of underground test mining during the past year.

### Highlights

The pre-feasibility results establish probable reserves of approximately 1.95 million tonnes grading 0.17 g/t Au, 137 g/t Ag, 2.15% Pb and 2.25% Zn, sufficient to support a mine life of approximately 7.5 years at a projected milling rate of 600 to 850 tonnes per day (tpd). In addition, there is an inferred resource of 0.86 million tonnes grading 0.23 g/t Au, 242 g/t Ag, 1.55% Pb and 2.42% Zn.

The production rate of the mine is currently projected to increase from the present rate of 150 tpd, to 550 tpd by the fourth quarter of 2008 and to 850 tpd by the end of 2009.

When the mine is at full production, the average annual output is projected to be approximately 900,000 ounces of silver contained in approximately 10,000 tonnes each of zinc and lead concentrates.

Given the Scott Wilson RPA base case range of metal prices, (see Table 1 below), projected annual revenues increase from US\$ 6 M in 2008 to US\$ 23 M in 2010, stabilizing around an average of US\$ 19 M for the next four years. No revenue from gold is included in these figures, pending test work for recovery of gold at the mine site.

Unless otherwise specified, all dollar amounts in the following tables are in US dollars.

**Table 1**

<b>Metal Prices Assumption</b>								
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Ag \$/Oz	16.50	16.50	16.50	14.00	12.00	12.00	12.00	12.00
Pb \$/Lb	0.82	0.83	0.75	0.75	0.75	0.60	0.60	0.60
Zn \$/Lb	0.85	0.85	0.85	0.75	0.75	0.75	0.75	0.75
Au \$/Oz	875	850	850	788	675	675	675	675

The average life of mine cash cost (excluding capital expenditures) is estimated at US\$ 5.06 per ounce of silver, including byproduct credits from lead and zinc production.

The annual cash flow before taxes ranges from US\$ 3.1 to 7.4 M. The Company's existing tax loss carry-forward, together with normal depreciation and amortization charges, are expected to minimize tax impact on cash flows.

Capital costs over the mine life are estimated at US\$ 18.5 M.

At a 7% discount rate, the project has a net present value of US\$ 18.1 M (US\$ 15.0 M at 10%, US\$ 20.6 M at 5%).

The following tables summarize the Miguel Auza estimated mineral resources, mineral reserves, production and cash flow over the 7.5-year mine life. The resource information was prepared by Silver Eagle Mines and audited and approved by Scott Wilson Roscoe Postle Associates Inc.

**Table 2**

**Mineral Resources/Reserves**

<b>Indicated Resources</b>						
		Au	Ag	Pb	Zn	Ag Eq
	Tonnes	gpt	gpt	%	%	gpt
Calvario A	1,639,941	0.18	154	2.33	2.44	354
Calvario B	67,215	0.29	146	3.08	4.11	457
Calvario C	64,644	0.13	138	2.51	2.58	352
Milagro	286,460	0.22	147	1.88	1.81	307
Total Indicated Resources <sup>1</sup>	2,058,260	0.19	152	2.30	2.41	351
Total Ag Equivalent Ozs						23,214,011
<b>Inferred Resources</b>						
Calvario A	613,271	0.23	139	1.65	2.82	338
Calvario B	65,664	0.13	157	2.87	3.66	434
Calvario C	27,622	0.04	48	1.00	1.16	139
North Zone	151,504	0.33	731	0.68	0.51	791
Total Inferred Resources <sup>1</sup>	858,061	0.23	242	1.55	2.42	419
Total Ag Equivalent Ozs						11,553,098
<b>Mineral Reserves</b>						
Probable Reserves	1,951,603	0.17	137	2.15	2.25	324
Total Ag Equivalent Ozs						20,329,534

1. Indicated resources are inclusive of Mineral Reserves

- a) CIM definitions were followed for mineral resources.
- b) Indicated mineral resources were estimated using a minimum net smelter return of US\$ 40, based on metal prices, plant recoveries and smelter terms as per notes e and f.
- c) Inferred mineral resources were estimated using a minimum net smelter return of US\$ 25, based on metal prices, plant recoveries and smelter terms as per notes e and f.
- d) A minimum mining width of 1.0 m was used.
- e) Equivalent Ag grades and contained ounces were estimated based on the following metal prices: US\$ 600/oz gold, US\$ 11/oz silver, US\$ 0.65/lb lead and US\$ 1.00/lb zinc.
- f) Equivalent Ag grades and contained ounces were estimated based on gold, silver, lead and zinc plant recoveries as per the most recent metallurgical test work, and on 2007 smelter terms.
- g) Mineral resources that are not mineral reserves do not have demonstrated economic viability
- h) Rows and columns may not add exactly due to rounding.
- i) Resources vary slightly from those announced earlier by the Company (press release dated May 8, 2008) due to minor changes in geological interpretation.

**Production**

## Mine

Annual ore production is scheduled at 86,250 tonnes for 2008, and is expected to grow to 401,614 tonnes by 2013.

6,100 additional metres of 3.5 x 4-metre ramp development will be required to access the entire ore body.

It is planned that 55% of the ore will be extracted by long-hole mining, the remaining through mechanized cut-and-fill.

At full capacity, the project will employ a workforce of 200 persons.

## Mill

The mill will produce two high-silver-bearing concentrates (zinc and lead), at an estimated rate of approximately 800 tonnes per month each.

Laboratory tests indicate recoveries of 79% for zinc and 89% for lead, and concentrate grades of 53% zinc and 56% lead. Silver recovery is forecast at 16% in zinc concentrates and at 60% in lead concentrates. Based on laboratory tests and projected head grades, the silver grade in zinc concentrates over mine life is forecast to average 667 grams per tonne, while that in lead concentrates is forecast to average 2,425 grams per tonne.

**Table 3**

		2008	2009	2010	2011	2012	2013	2014	2015	Total
<b>Production</b>										
Ore Prodtn.		86,250	247,376	270,663	311,522	317,694	401,614	263,985	52,500	1,951,603
Ore Milled		85,000	228,917	289,000	289,000	289,000	289,000	289,000	192,686	1,951,603
<b>Head Grades</b>										
Zn	%	1.76	2.20	1.91	2.00	2.75	2.67	2.35	1.91	2.25
Pb	%	1.76	2.17	2.00	2.21	2.44	2.26	2.08	1.91	2.15
Ag	gpt	149	160	144	134	139	131	127	124	137
Au	gpt	0.26	0.23	0.17	0.17	0.19	0.14	0.13	0.13	0.17
Zinc Concentrate Production	dmt	2,237	7,532	8,257	8,632	11,879	11,545	10,143	5,504	65,729
Lead Concentrate Production	dmt	2,365	7,875	9,166	10,092	11,159	10,329	9,509	5,841	66,337
Silver in Zn Concs.	Oz	65,023	188,021	213,982	199,409	206,772	194,228	188,813	122,555	1,378,803
Silver in Pb Concs.	Oz	243,837	705,078	802,433	747,785	775,396	728,354	708,048	459,508	5,170,511
Total Silver in Cons.	Oz	308,860	893,099	1,016,415	947,194	982,169	922,582	896,861	582,135	6,549,314

## Costs

Operating and capital costs are based on actual on-site costs and firm quotations from suppliers; contingencies have also been added where applicable.

Operating cost over the mine life averages US\$ 48.01 per tonne milled and equates to US\$ 5.06 per ounce silver after byproduct credits.

Total capital expenditures for the project, including mine equipment, capital development, plant expansion and surface facilities, amount to US\$ 18.5 M over the life of mine. Of that figure, capital expenditures budgeted for 2008 amount to US\$ 9.6 M, of which approximately 45% has been paid as of the time of this announcement.

**Table 4**

<b>Metal Prices Assumption</b>								
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
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Pb \$/Lb	0.82	0.83	0.75	0.75	0.75	0.60	0.60	0.60
Zn \$/Lb	0.85	0.85	0.85	0.75	0.75	0.75	0.75	0.75
Au \$/Oz	875	850	850	788	675	675	675	675
Silver Cash Cost (CI) \$/Oz	13.84	7.83	5.80	6.98	2.18	4.70	3.22	-0.11
<b>CAPEX</b>								
Development CAPEX	1,419,560	1,448,398	1,542,252	757,119	90,605	-	-	-
Mine CAPEX	2,919,933	1,522,884	577,400	152,276	100,000	100,000	100,000	100,000
Mill CAPEX	5,290,751	290,024	368,902	367,135	361,273	362,856	365,874	246,327
Total Capital Expenditures	9,630,244	3,261,305	2,488,554	1,276,530	551,878	462,856	465,874	346,327

## Cash Flow

**Table 5**

<b>Projected Cash Flow</b>								
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Total Revenues (Sales of Concentrates)	6,563,660	20,103,541	24,141,547	21,225,608	21,977,131	19,418,322	18,157,688	11,159,697
Total Operating Costs	4,569,526	10,768,256	11,857,254	12,649,203	10,825,652	10,867,174	8,693,327	3,307,174
Cash Operating Margin	1,994,134	9,335,285	12,284,293	8,576,406	11,151,479	8,551,148	9,464,361	7,852,523
Total Expenses	1,668,308	2,953,316	3,139,117	3,169,456	3,169,456	3,114,554	3,013,453	2,095,034
Net Cash Before CAPEX	325,826	6,381,969	9,145,176	5,406,950	7,982,023	5,436,594	6,450,908	5,757,489
Total Capital Expenditures	9,630,244	3,261,305	2,488,554	1,276,530	551,878	462,856	465,874	346,327
Net Cash Before Taxes	-9,304,418	3,120,664	6,656,622	4,130,420	7,430,145	4,973,739	5,985,034	5,411,161

## **Construction and Operations Update**

### **Mine Development**

**Ramp development** – is on schedule for both the King and Ramal Ramps, located in the central and western sectors of the Calvario Vein system, respectively.

Currently over 4,000 metres of underground development have been completed, 2,000 metres of which have been developed on vein.

**Calvario A** – is developed on four sub-levels, down to the 146-metre level.

**Calvario B** – is developed on two levels.

**Calvario C** – is developed on two levels.

**Milagro** – is developed on two levels.

Development ore is being processed through the on-site mill with excess tonnage being stockpiled on surface for future processing.

### **Mill Construction**

**First Phase** – the expansion to 600 tpd capacity is underway, with completion anticipated by the fourth quarter of 2008. The foundations have been poured for the new crushing and milling facility, the necessary equipment has been purchased or is on order and an increased power line able to support the expanded capacity is operational.

**Second Phase** – a planned expansion to 850 tpd capacity is anticipated for the second half of 2009, for which an additional 450 horsepower ball mill has been secured.

### **Tailings Facility**

Current capacity is sufficient for the next twelve months of production and will be expanded to meet future processing requirements.

### **Surface Construction**

All necessary facilities and infrastructure (pipe lines, power line substations, mine dry, office, warehouse, shop, mill, assay lab, etc.) are in place and are operational.

Terry Byberg, President and CEO of Silver Eagle Mines Inc., said “I am pleased to announce the results of the pre-feasibility study for our Miguel Auza Mine. Our goal has been to bring the mine into production, generating a positive cash flow and to use the cash flow to continue aggressively exploring our current land position and to grow the company organically, while also actively looking for value-enhancing corporate transactions. The pre-feasibility study results demonstrate the economic viability of the Miguel Auza Mine, and reward the efforts and dedication of our staff and the loyalty of our shareholders.”

## **Quality Assurance**

Dr. Christopher Hodgson, P.Eng., is Silver Eagle's Qualified Person under NI 43-101. The pre-feasibility study was prepared by Silver Eagle Mines and audited and approved by Wayne Valliant, P.Geo., Kevin Scott, P.Eng. and James Pearson, P.Eng. of Scott Wilson Roscoe Postle Associates Inc. The technical information within this press release was reviewed and approved by Wayne Valliant, P.Geo., Kevin Scott, P.Eng. and James Pearson, P.Eng. of Scott Wilson Roscoe Postle Associates Inc.

The pre-feasibility study will be filed on SEDAR within the next 45 days and, once filed, it will be accessible under Silver Eagle's profile at [www.sedar.co](http://www.sedar.co)

*This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances, management's estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements*

## **ABOUT SILVER EAGLE**

Silver Eagle Mines Inc. is a TSX-listed (TSX: SEG), Canadian-based mining company exploring and redeveloping an historic silver property in the heart of the Mexican precious metals belt. The Company's primary asset is its wholly-owned Mexican subsidiary, San Pedro Resources, S.A. de C.V., which controls the fully-permitted Miguel Auza Mine and adjacent properties in Zacatecas, Mexico. The property includes the mineral rights to 41,498 hectares, hosts past-producing mines and has the necessary infrastructure and a trained mining work force nearby. The Miguel Auza Mine generated its first revenue in the 2<sup>nd</sup> quarter of 2007, as a result of the Company's bulk sampling program.

ON BEHALF OF THE BOARD OF DIRECTORS OF SILVER EAGLE MINES INC.

"Terrence H. Byberg"  
President and CEO

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