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ASX Announcement

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COMPANY OPERATIONS UPDATE

TWIN HILLS MINE

Silver Powder Production

Silver powder production for November was 10,400oz and production to date in December is 32,500oz. Production is significantly higher to date in December, due mainly to the continuous shift operation introduced for the electrowinning plant in late November. There is 41,800oz of silver powder in storage.

Production is expected to increase as irrigation is extended to cover the remainder of the current 150,000 tonnes on the leach pad and take a step up when a higher rate of crushed ore becomes available from the upgraded crushing circuit.

Process Improvements

A Merrill Crowe plant is required for extraction of silver from the leachate solutions once the level of contained silver falls below the efficient operating range of the electrowinning plant. Construction of a modular plant by the Company will commence in January. Once the first module has been commissioned additional modules will be constructed as required. The estimated cost of the first module is expected to be approximately \$150,000.

Mining and Leach Pad Construction

Mining operations are currently in advance of crushing, with stockpiles of 95,000 tonnes on the crusher run-of-mine pad and 109,700 tonnes of material on the low grade pad at the end of November. This has enabled items of mining equipment to be utilized in earthworks for construction of the next leach pad area to the west of the current pad and ponds.

This next pad area will have the capacity to hold approximately 400,000 tonnes of agglomerated ore. The pad area and associated drain launders to the existing storage ponds will be lined with high density polyethylene and ready to receive stacked ore by the end of March 2008.

Current crushing production is being placed on the existing pad which has a capacity to hold an estimated 200,000 tonnes on its first lift of 8m high.



Crushing Circuit – Upgrade Stage 1

A contract for installation and operation of additional screening capacity consisting of a 6m by 2.4m three deck screen and six transfer conveyors has been awarded and includes the provision of an experienced crushing supervisor. The supervisor is expected to arrive in January 2008. However, due to a heavy workload, the contractor now estimates that the current upgrade may not be completed before 15 May 2008 although every effort will be made to complete earlier.

The additional screening capacity will extract more fine material (less than 4mm) between the existing jaw and cone crusher for sending direct to the agglomeration and stacking stage. This is designed to increase overall throughput and reduce wear and cost in the later stage of vertical impact crushing equipment which is currently exacerbated by recirculation of excessive fine material.

An additional benefit of the increased screening capacity will be the ability to increase the density of blasting patterns to produce more fines during blasting which will reduce the load on the crusher capacity.

The contractor's supervisor will monitor and oversee the performance and maintenance of the entire crushing circuit and recommend further improvements and refinements which can be made once the impact of the first stage upgrade is assessed and quantified.

EXPLORATION AND PROJECT ACQUISITION

As mentioned in the last update, the Company continues to increase its interest in silver/zinc/lead projects throughout Queensland to provide for future advancement and expansion of operations. **This strategy underpins the long-term focus of the Company to seek out high quality silver resources for development.** The following provides a summary of recent changes in the Company's exploration tenement interests.

Central Queensland

Tally Ho Project

Exploration Permit for Minerals 15168 (EPM15168 – **Connors Range**), (ASX releases dated 9th May 2006 & 13th September 2006) was granted on 16 November 2007. The Connors Range EPM surrounds the recently drilled Tally Ho silver prospect and covers the south-eastern portion of the Tally Ho Intrusive Complex (THIC).

The grant of the Connors Range EPM paves the way for continued exploration along strike (in both directions) from the already identified mineralization of the Tally Ho Silver prospect. Further drilling targeting a number of along strike positions and areas adjacent to the already identified mineralization is planned for the first half of 2008.

A second Exploration Permit for Minerals (EPM15775 – **Denison Creek**), which covers the northern portion of the THIC and adjoins EPM15168, was granted on 30 October 2007. This EPM had been previously been referred to as 'Pisgah' in an ASX release dated 13th September 2006.

The grant of both the Connors Range and Denison Creek EPM's allows Macmin to undertake regional exploration of the THIC, which we believe could host additional previously unidentified Intrusive Related Mineralising Systems.

Mt Scott Project

Exploration Permit for Minerals 15854 (EPM15854 – **Mt Scott**) was first mentioned in an ASX release dated 13th September 2006.

Subsequent to our initial positive results from drilling at the Tally Ho silver prospect, a review of the available literature identified a number of prospects (Mt Scott, Mt Scott South and Kelvin's) associated with the Mt Scott Granite which are described as having similarities to the Tally Ho mineralising system, and have seen little to no follow-up exploration.

The Mt Scott EPM covers these prospects and an initial field inspection will be undertaken in early 2008, with a view to planning follow-up exploration as appropriate.

In addition to the regular quarterly reports, the Company will continue to provide operations updates as progress is made.

Yours faithfully

Garry Edwards
CHIEF EXECUTIVE OFFICER

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