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Australian Stock Exchange Limited  
Company Announcements Office

## MACMIN ENCOUNTERS FURTHER SILVER - ZINC AT TALLY HO

### Summary

In November 2006, Macmin carried out a programme of drilling comprising reverse circulation and diamond drilling. Assay results from the reverse circulation drilling were recently received.

Highlights of the drill holes are as follows:

- GRRC26 - 14m (16-30m) @ 80g/t silver, 2.94% zinc**
  
- GRRC29 - 2m (76-78m) @ 507g/t silver, 1.07g/t gold, 23.3% zinc, 0.72% copper**
  
- GRRC30 - 26m (46-72m) @ 46g/t silver, 4.34% zinc, 0.18% copper  
Including 8m (50-58m) 70g/t silver, 0.16g/t gold, 9.56% zinc, 0.28% copper**
  
- GRRC32 - 6m (52-58m) @ 126g/t silver, 0.13g/t gold, 4.23% zinc, 1.48% lead, 0.29% copper**

The significance of the results from this drilling programme, in comparison to the initial successful drilling carried out by Macmin in August 2006, is that higher zinc values were encountered in several holes. Encouraging mineralised intercepts occurred in most holes, but particularly holes GRRC29, 30 and 32, which have demonstrated narrower high grade silver-zinc polymetallic zones which represent an additional target to the broader mineralised zones previously encountered in the breccia body.

## Drilling

The drilling programme undertaken at the Tally Ho Silver Project near Mackay in Central Queensland was carried out in November, 2006. The assay results from the RC drilling of the programme were received in January 2007.

A total of 13 reverse circulation drill holes (1,842m) were drilled; 7 holes on the Tally Ho breccia and 6 holes on the Lily prospect (located about 500m north-east of the Tally Ho breccia).

Significant zones of silver-zinc mineralisation were encountered in the Tally Ho breccia (Table 1 – Drill results and Table 2 – Co-ordinates); but only anomalous values were encountered around the Lily Prospect.

In drill hole GRRC29, a 2m interval (76-78m) encountered 507g/t silver, 1.07g/t gold, 23.3% zinc and 0.72% copper. This high grade massive sulphide intercept represents a new target type hosted within or adjacent to the breccia body. Significant zinc was also encountered in GRRC30 where an 8m intercept (50-58m) encountered 70g/t silver, 0.16g/t gold, 9.56% zinc and 0.28% copper, within the breccia.

A drill section (Figures 1 & 2 Section A-A) at Tally Ho shows the continuity of mineralised breccia, detected thus far, along a 200m length. Although silver mineralised throughout the drilled section, it can be seen that the silver dominant polymetallic mineralisation in the south-west passes to a zinc rich polymetallic mineralisation towards the north-east, which is very encouraging for the economic potential of the project as the zinc component would represent a very significant by-product credit, should development of a silver mine be undertaken.

Macmin carried out a ground magnetic survey (Figure 3) in October 2006, which revealed the presence of an annular magnetic high response. The one diamond drill hole that has intersected this magnetic feature has encountered disseminated magnetite and magnetite veinlets which may represent hydrothermal alteration from a shallow high level intrusive.

A multi-purpose drill rig has been contracted to start a major drilling programme at Tally Ho in April. In the meantime, a soil geochemical survey will be carried out to obtain data on the extent of the outcropping mineralised breccia/intrusive complex, with the aim of providing additional drill targets.

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An update on the commissioning of the Twin Hills Silver Mine will be provided in the Quarterly ASX report to be released prior to the end of January, 2007.



**D.M. O'Neill**  
**MANAGING DIRECTOR**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 a full-time employee of the company.

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.

Table 1.

Hole No.	Interval From To (m)	Length (m)	• Assays					*In ground Value Silver Equiv. (g/t)
			Silver (g/t)	Gold (g/t)	Zinc (%)	Lead (%)	Copper (%)	
GRRC2 6	16 – 30	14	80	-	2.94	-	-	349
	(incl 16 – 22)	6	165	0.12	3.56	-	0.3	558
	30 – 70	40	42	-	0.65	-	-	101
	(incl 60 – 70)	10	128	-	0.8	-	0.36	277
	76 – 78	2	-	3.16	-	-	-	170
GRRC2 7	0 – 16	16	30	-	-	-	-	30
GRRC2 8	8 – 24	16	-	-	1.26	-	-	114
	66 – 68	2	343	0.27	-	-	-	358
	96 – 100 (EOH)	4	84	0.16	-	-	-	93
GRRC2 9	76 – 78	2	507	1.07	23.3	-	0.72	2,830
	82 – 84	2	124	-	-	-	-	124
GRRC3 0	46 – 72	26	46	-	4.34	-	0.18	479
	(incl 50 – 58)	8	70	0.16	9.56	-	0.28	1,007
	76 – 96	20	39	-	1.22	-	-	150
	100 – 102	2	163	-	0.78	-	-	233
GRRC3 1	50 – 56	6	91	-	1.6	0.4	0.19	288
	60 – 72	12	116	-	2.0	-	0.18	336
	74 – 76	2	20	-	1.93	-	-	193
	80 – 82	2	73	-	0.49	1.07	0.27	207
	90 – 92	2	34	-	3.5	0.12	0.13	379
GRRC3 2	52 – 58	6	126	0.13	4.23	1.48	0.29	622
	(incl 56 – 58)	2	304	0.21	7.42	0.74	0.62	1,143
	84-94	10	100	-	2.49	-	0.32	395

**Notes:**

- \*The silver equivalent values are tabulated, as silver is the metal of major economic significance encountered in the drill intercepts since the start of Macmin's drilling programme. The following metal prices were used in the calculation. Silver AUD\$15/oz, copper AUD\$4.66/lb, zinc AUD\$2.00/lb, lead AUD\$0.66/lb, gold AUD\$800/oz. Silver equivalent values will change over time as any one or more metal prices change and are presented to give an indicative guide only.
- True widths of the intervals quoted are not listed, as the orientation of the mineralised zone is uncertain.

**DRILLING AND SAMPLING DETAILS**

All samples were collected as percussion chips/dust from the reverse circulation drilling rig. Assay samples were collected over 2m intervals through the mineralised zones and over 4m intervals through the visually non-mineralised zones.

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, antimony, bismuth and molybdenum. Gold is assayed by the ICPMS technique.

**Table 2.** Co-ordinates (Datum GDA94)

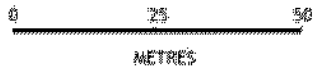
Hole No.	Easting MGA	Northing MGA	RL	DIP	AZI MAG	AZI GRID	Depth (m)
GRR026	688845	7632882	267.5	-50	206	215	154
GRR027	688871	7632885	265	-50	270	279	154
GRR028	688896	7632885	260	-50	330	339	100
GRR029	688797	7632818	300	-60	71	80	154
GRR030	688795	7632822	300	-60	43	52	154
GRR031	688790	7632817	300	-75	204	213	154
GRR032	688791	7632819	300	-90	0	0	154

A

A'

**Tally Ho Project**  
**Drill Section A - A' +/-20m**  
 January, 2007

350RL



300RL

250RL

200RL

150RL

100RL

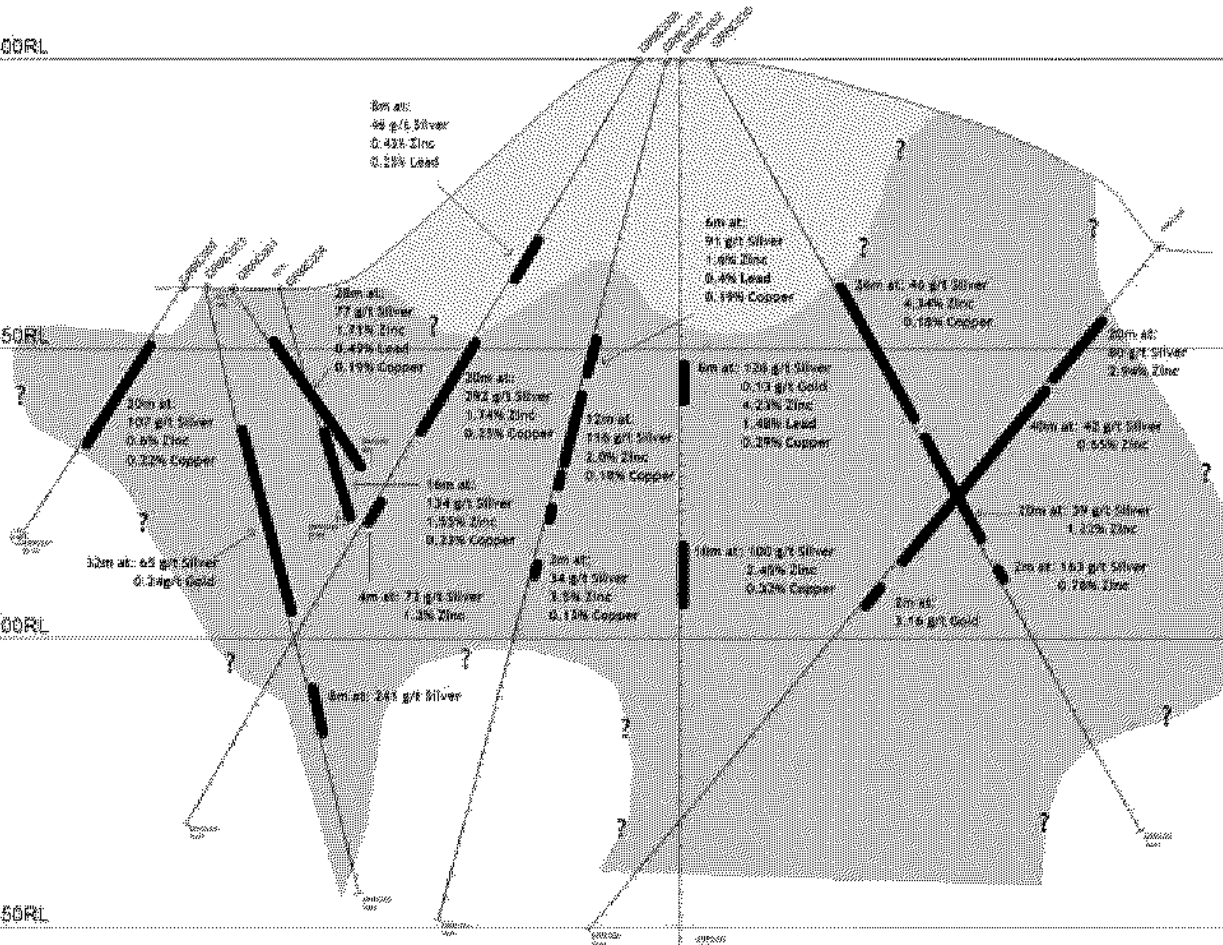


Figure 1

# Tally Ho Project

## Drill Plan showing Section A - A' +/- 20m

January, 2007

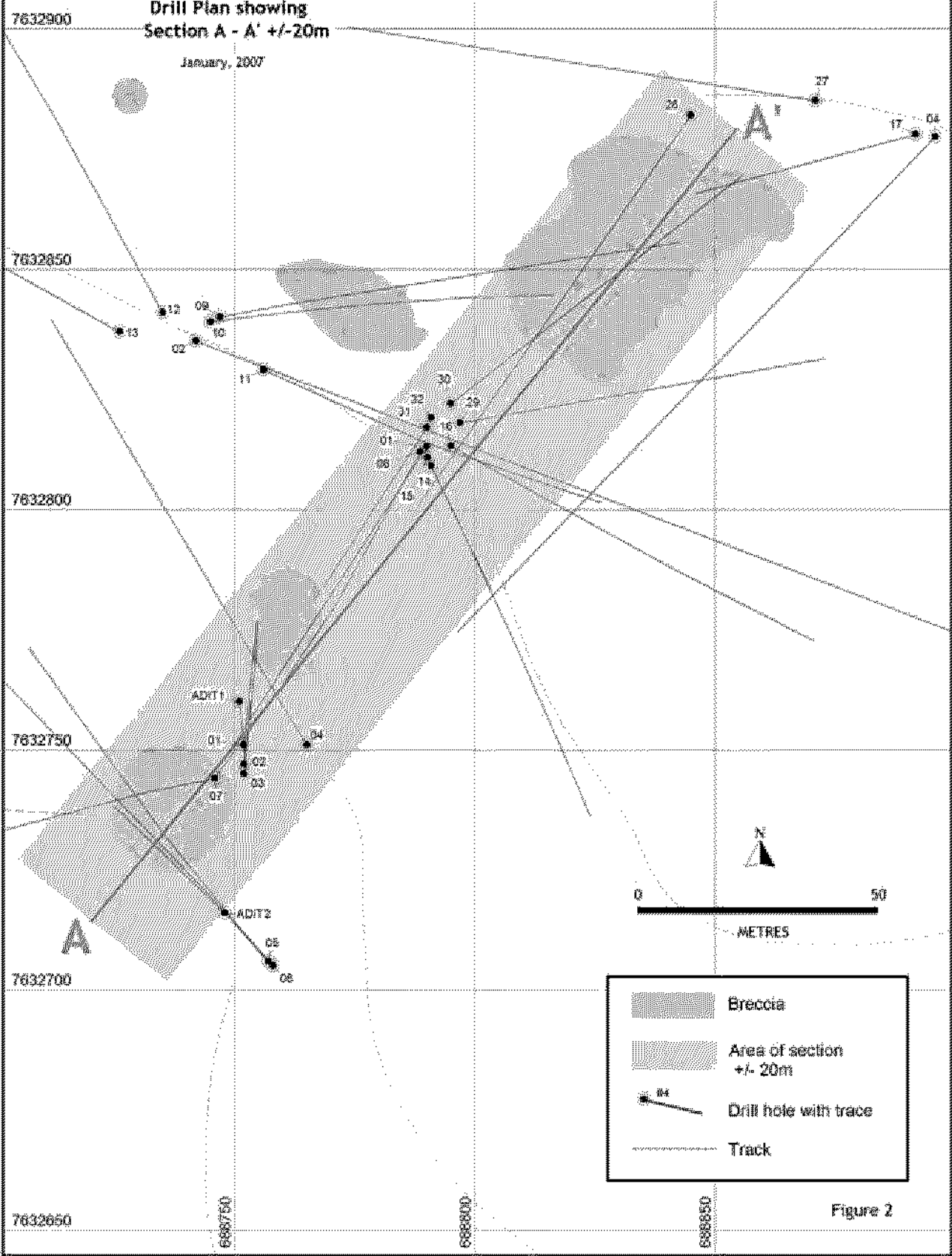


Figure 2

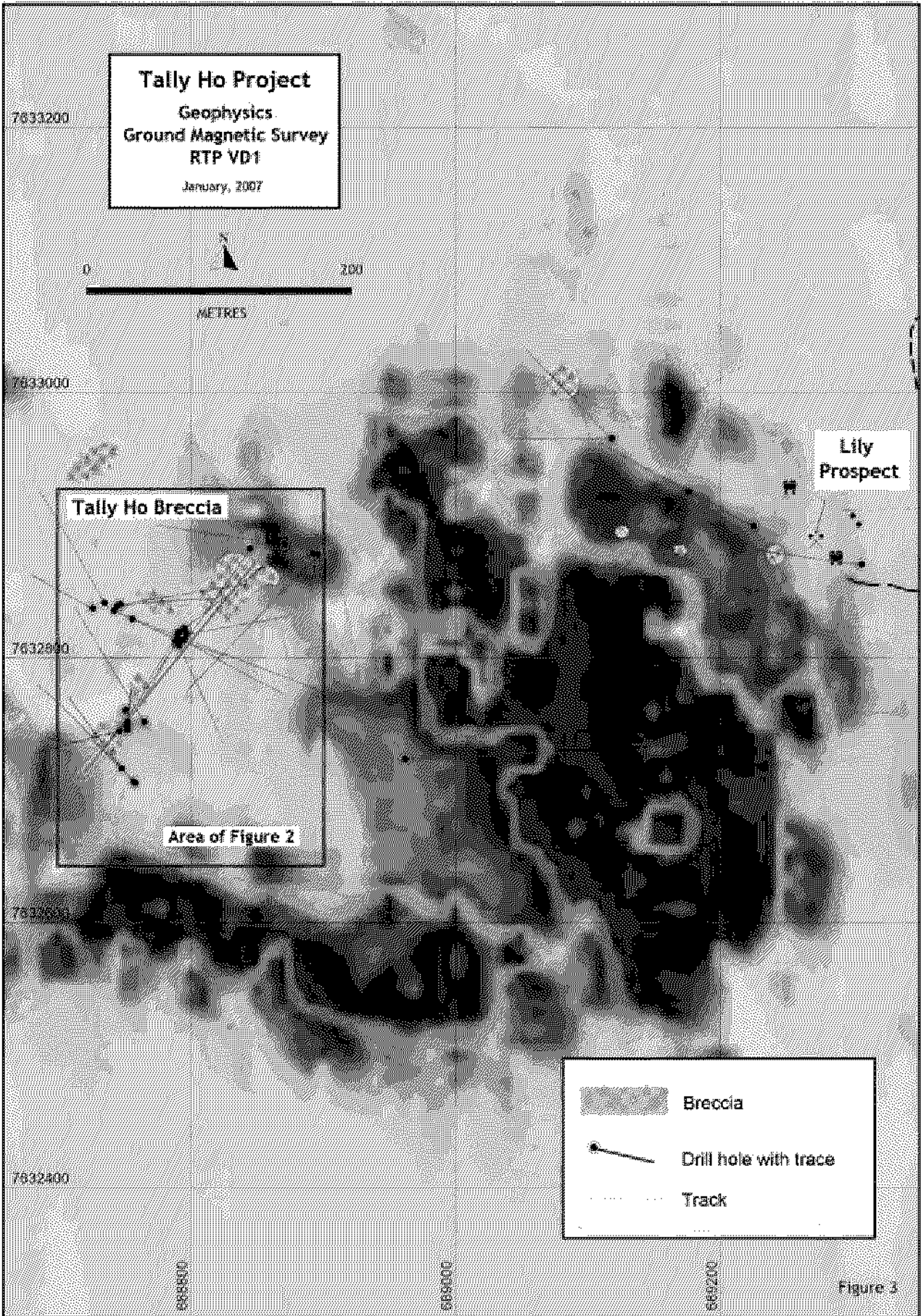


Figure 3