



# MACMIN SILVER LTD

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28<sup>th</sup> November 2006

## **CHAIRMAN'S ADDRESS**

### **MACMIN SILVER LTD**

Welcome to the 14<sup>th</sup> AGM of Macmin Silver Ltd.

I am pleased to be able to report to you that we are on track to produce silver in the first quarter 2007. 2006 has been a successful year in terms of the share price with the price rising from 15 cents in November last year to a high of 44 cents in July when silver peaked at just under \$US15/oz and is now sitting around 30 cents with silver over US\$13/oz. When silver exceeds its high of US\$15/oz I believe we can expect the share price to test its previous high of 44 cents.

In terms of mine development, 2006 has been difficult and we have to note with regret that production has been delayed until early 2007.

The delays in proceeding to production were many and largely caused by three factors – initially the weather, then difficulty in obtaining some equipment due to the high level of activity in the industry and finally due to more rigorous requirements and studies by the Environmental Protection Agency (EPA) than we had expected. As of today the construction is nearing completion with only construction of the storm water dam wall and waste rock dump drainage system to be finished to EPA requirements.

Plant commissioning of the crushing, agglomerating and heap stacking system have commenced. The electrowinning circuit is ready for wet commissioning.

We believe that we have now complied with all requirements of the EPA and expect final EPA approval by the end of 2006. This will allow us to almost immediately commence processing of silver ore with silver production thereafter.

Over the succeeding few months we expect that silver production will gradually be increased to the initial expected annualised rate of 2.5M ozs/year. If silver exceeds US\$15/oz next year we will look at increasing production further.

There are some unresolved points – notably whether we choose to sell our silver product directly or whether we decide to have it refined to silver bullion or a combination of both. We have formed a sales committee to follow this through but it probably cannot be resolved until we produce sufficient powder to allow end users to determine if it suits their needs.

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Exploration has been fairly low key throughout 2006, but we had a very significant discovery at Tally Ho in central/east Queensland. As a result of this discovery and our desire to fully optimise exploration opportunities in the Texas area we recently decided that we should very substantially increase exploration in the near term – thus the reason for the current Rights Issue. We also have zinc potential we would like to pursue at the Silver Spur prospect at Texas. We take the view that the silver price is likely to be higher in 2007. We want to have a much greater exploration program in progress when this happens to take advantage of the likely enthusiasm for silver at that time. We considered we should not wait until mid 2007 to be able to substantially increase our exploration budget. With the funds raised by the Rights Issue we will also be able to look at other opportunities to expand your company.

In terms of investments, New Guinea Gold, Malachite and Frontier are all generating positive exploration results with New Guinea Gold looking especially attractive.

The final point I would like to make is the very substantial backing the company gets from European investors. Over 40% of our shares are held by shareholders who reside in Germany and Switzerland.

Before closing I would like to introduce Bill Guthrie who is the General Manager of the Texas Project and extend my thanks to director Ed Newman who has worked tirelessly at Texas and to our Managing Director Denis O'Neill for his excellent leadership.

In closing I wish all shareholders a Prosperous 2007 and thank you for your support over the past years.

R.D.McNeil  
**CHAIRMAN**