



**MACMIN SILVER LTD**

ABN 53 056 776 160

# PROSPECTUS

**1 for 5 non renounceable Entitlements Issue at 20 cents per share with one free option for every two New Shares purchased to raise up to a maximum of approx. \$18.5 million.**  
**Shareholders may apply for New Shares and New Options in excess of their entitlements.**

**Every two New Shares issued pursuant to the Entitlements Issue will be accompanied by one FREE Attaching Option to subscribe for an Ordinary Share exercisable at a price of 25 cents per Share on or before 30 October 2008.**

**THIS OFFER IS NOT UNDERWRITTEN**

**THIS IS AN IMPORTANT DOCUMENT AND NEEDS YOUR URGENT ATTENTION.  
IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT,  
YOU SHOULD CONSULT YOUR STOCKBROKER, LEGAL OR LICENSED  
FINANCIAL ADVISER IMMEDIATELY**

**THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE**

**THIS ISSUE CLOSSES AT 5.00PM ON 30 JANUARY 2008.**

# THE ISSUE AT A GLANCE

## ENTITLEMENTS ISSUE

### OFFER

1 New Share for every 5 Shares held on 3 January 2008.

1 New Option issued **free** with every two New Shares.

Shareholders may apply for additional Shares.

### ISSUE PRICE

20 cents per New Share

### MAXIMUM AMOUNT TO BE RAISED

Up to a maximum of approximately \$18.5 Million

### ISSUE CLOSES

30 January 2008

The Offer is non-renounceable

The Offer is not underwritten

# LETTER TO INVESTORS

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Dear Shareholder

I invite shareholders to participate in this Entitlements Issue, which, on a one-for-five basis, allows a maximum raising of approximately \$18.5M. This Offer is being made to allow the Company to pursue its objective of consolidating its unique position as the premier silver focused company in Australia. Funds raised will be used to:

- complete the upgrade of Twin Hills Silver Mine, including increased crushing and stacking capacity, installation of a Merrill Crowe plant for recovery of silver from low tenor solutions, additional diesel power generators or connection to mains power and, potentially, the installation of a 6.5km pipeline to increase water supply;
- continue and expand exploration and acquisitions to obtain additional resources in order to significantly grow the Company;
- provide working capital; and
- if sufficient funds are available, consider some early repayment of the Company's convertible loan.

Since the previous capital raising, in December 2006, Macmin has continued exploration and project acquisition but at a lower level of expenditure than anticipated because additional funds were required for the completion and commissioning of the Twin Hills Silver Mine.

Macmin has assembled strong exploration and mining teams in a market where such professionals are in short supply and the Board is encouraged by the continued strength in the price of silver and other metals. With these advantages the Company is well placed to participate in the current buoyant minerals sector by upgrading the Twin Hills Silver Mine to achieve its potential silver production and by actively increasing and developing its suite of mineral project assets.

At the Tally Ho Project, sufficient drilling has now been undertaken to allow a resource to be estimated in accordance with the JORC Guidelines. The study will be completed during 2008. The validated resource will add to the asset base of Macmin and provide the basis of a development path for the Tally Ho Project. Continuing exploration on this Central Queensland project area will begin again in earnest in the New Year with the recent granting of the Mt Scott tenement 40km to the south of the Tally Ho Project, and two other tenements, Denison Creek and Connors Range, adjoining and surrounding Tally Ho.

Other silver projects are also under evaluation in Central Queensland and North-West Queensland.

With a very healthy outlook for silver prices going forward, drilling will continue at Mt Gunyan and other prospects within the Texas area. The highest grade mineralisation intercept to date is a 1 metre interval of **592g/t silver and 172g/t gold**.

Diamond drilling in the south-east of the Mt Gunyan prospect has recently encountered massive sulphide mineralisation which represents an exciting new target at Mt Gunyan. (Hole MGD9 10m (42-52m) 110g/t silver, 0.14% lead and 0.11% zinc including 1m at 524g/t silver, 0.47% lead and 0.14% zinc.) This type of mineralisation historically yielded exceptional grades at the Silver Spur Mine (90,000t grading 809g/t silver, 1% copper, 13% lead, 25% zinc and 1.5g/t gold (*Rimfire, Feb 1999*)) 2km south of the Twin Hills Silver Mine.

Shareholders are offered one New Share at 20 cents (with one free attaching New Option for every two New Shares purchased) for every five shares held on the Record Date. The free attaching New Options are the same class as the existing MMNO listed options exercisable at 25 cents on or before 30 October 2008.

On 19 December 2007 the closing price of the Shares was 21 cents and the closing price of the Options was 8.6 cents. At those closing prices the Offer represents a discount of 21% to prices at the date of this Offer. It is important to note that, following quotation, the New Options may be bought and sold on the ASX in the same way the shares are traded.

On behalf of the Board of Directors of Macmin, I invite you to increase your shareholding by subscribing to this Offer which is priced to afford existing shareholders a favourable opportunity to participate further in the future of the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Garry Edwards', written in a cursive style.

Garry Edwards  
Chief Executive Officer

# IMPORTANT INFORMATION

## ENTITLEMENTS NON-RENOUNCEABLE

The Entitlement to the New Shares and New Options is non-renounceable. Accordingly there will be no trading of the Entitlements on the ASX. If you do not take up your Entitlement before the close of the Offer, the Offer to you will lapse.

## GENERAL

The date of this prospectus is 20 December 2007. A copy of this prospectus was lodged with ASIC on 20 December 2007.

ASIC and ASX take no responsibility for the contents of this prospectus.

No Shares or Options will be allotted or issued on the basis of this prospectus later than 13 months after the date of this prospectus.

The Share issued pursuant to the exercise of a New Option will be issued in accordance with the terms and conditions on which the New Options are issued, and in any event, not more than 14 days after the receipt of a properly executed exercise notice and application money in respect of the exercise of the New Option.

## FOREIGN JURISDICTIONS

This prospectus does not constitute an Offer in any place in which, or to any person to whom, it would be unlawful to make such an Offer.

## DISCLAIMER

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this prospectus. A Shareholder may not rely on any information or representation in connection with the Offer that is not contained in this prospectus as having been made by the Company.

## NOTICE TO SHAREHOLDERS

Shareholders should read this prospectus and make application in accordance with the directions on page 7 if they wish to take up their Entitlement.

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## SUMMARY OF PRINCIPAL DATES

|   |                        |
|---|------------------------|
| Announcement of Entitlements Issue, lodgement of prospectus and publication on Company internet site <a href="http://www.macmin.com.au">www.macmin.com.au</a> | 20 December 2007       |
| Initial advice of Offer to Shareholders   | 21 December 2007       |
| Shares trade ex-entitlements  | 27 December 2007       |
| <b>Record date</b>  | <b>3 January 2008</b>  |
| Prospectus and Entitlement and Acceptance form despatched to Shareholders   | 7 January 2008         |
| <b>Entitlements Issue closes - last date for acceptances and payment of application money (Closing Date)</b>  | <b>30 January 2008</b> |
| Last day for allotment of New Shares and New Options  | 6 February 2008        |
| Despatch of holding statements for New Shares and New Options   | 6 February 2008        |
| Normal trading commences for New Shares and New Options on ASX  | 7 February 2008        |

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*These dates are indicative only and subject to change. The Company reserves the right to amend this timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date.*

# 1. DETAILS OF THE ENTITLEMENTS ISSUE

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## 1.1 ENTITLEMENT TO NEW SHARES AND NEW OPTIONS

Shareholders registered at 5.00pm Eastern Standard Time on 3 January 2008 are offered 1 New Share for every 5 Shares then held, at an issue price of 20 cents per New Share. If a fraction arises in the calculation of entitlements, the entitlements will be rounded up to the next whole number.

**Every two New Shares will have a free attaching "New Option"** to subscribe for an ordinary Share in the Company at an issue price of 25 cents on or before 30 October 2008.

The terms and conditions of the New Shares and New Options are the same as existing Shares and Options and are set out in Section 4.

The number of New Shares and New Options to which a Shareholder is entitled is shown on the Entitlement and Acceptance Form sent to that Shareholder.

The Company reserves the right to withdraw the Offer at any time, in which case it will refund all application money (without interest) within a reasonable time.

## 1.2 PAYMENT FOR SHARES

Shareholders who take up their entitlements to New Shares and New Options will be required to pay 20 cents per New Share on application. Payment methods are outlined in section 3.1.

## 1.3 NON RENOUNCEABLE

The entitlements to the New Shares are non renounceable. There will be no trading of the Entitlements on ASX.

## 1.4 MACMIN SHAREHOLDERS AND OPTIONHOLDERS

Shareholders will be forwarded a copy of this prospectus and invited to participate in the Issue. Shareholders will receive at least the amount of New Shares and New Options for which they apply, up to the quantity specified on the Entitlement and Acceptance Form which accompanies the prospectus sent to each Shareholder.

**Shareholders may also be allotted New Shares and New Options in excess of their entitlement if they apply for additional New Shares and New Options.** Shareholders will only be allotted additional New Shares and New Options above their entitlement from any Shortfall. If Shareholders apply for New Shares and New Options in excess of any Shortfall the Directors will allocate any New Shares and New Options from the Shortfall at their discretion having regard to the order of receipt of applications.

An Optionholder is not entitled to participate in the Issue unless the Optionholder has exercised some or all of the Optionholder's Options and is the registered holder of the Shares issued on the exercise of those Options at the Record Date.

## 1.5 CLOSING DATE OF THE ENTITLEMENTS ISSUE

The closing date and time for acceptance of the Offer is 5.00pm Eastern Standard Time on 30 January 2008.

The Company reserves the right to extend the closing date of the Entitlements Issue. Notice of intention to extend the period of the Offer must be given at least 6 business days prior to the closing date.

## 1.6 QUOTATION OF NEW SHARES AND NEW OPTIONS

Application has been made to ASX for the New Shares and the New Options issued pursuant to this prospectus to be granted official quotation by ASX.

If ASX does not grant permission for the official quotation of the New Shares and the New Options within 3 months after the date of issue of this prospectus, none of the New Shares and New Options offered by this prospectus will be allotted or issued. If no allotment or issue is made, all money paid on application for the New Shares and New Options will be refunded without interest within a reasonable time.

## 1.7 NO MINIMUM SUBSCRIPTION

There is no minimum amount which must be raised under the Issue.

## 1.8 SUBSCRIPTION MONEY

Application money will be held in a subscription account until allotment. This account will be established and kept by the Company in trust for the applicants. Any interest earned on the application money will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place.

## 1.9 TREATMENT OF OVERSEAS APPLICANTS

This prospectus does not constitute an offer in any place where, or to any person to whom, it would be unlawful to make such an offer.

If it would be illegal to make the Offer to any Shareholder in a jurisdiction outside Australia or New Zealand, this prospectus does not constitute an offer to that Shareholder.

Shareholders who hold Shares on behalf of persons resident outside Australia or New Zealand are responsible for ensuring that taking up Entitlements does not breach applicable laws in the relevant jurisdiction.

## 1.10 TAXATION CONSIDERATIONS

Shareholders should consult their own professional tax adviser in relation to the taxation implications of subscribing for New Shares and New Options under this prospectus.

## 1.11 SHORTFALL

The Directors reserve the right to issue any shortfall in this issue at their discretion within three months after the closing date provided that the issue price is not less than that at which the securities were offered under this prospectus.

## 2. PURPOSE AND EFFECT OF ISSUE

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### 2.1 PURPOSE OF THE ISSUE

#### 2.1.1 Use of Funds

The funds raised by the Offer are intended for use in both the Twin Hills Silver Mine and to continue the quest for additional resources through exploration and project acquisitions.

##### **Twin Hills Silver Mine**

MACMIN's objective is to improve the mining and processing of silver ore at the Twin Hills Silver Mine to achieve, initially, a monthly production rate of 180,000oz of silver. The Company continues to work on optimising the crushing, leaching and electrowinning processes of the Twin Hills Silver Mine.

Expenditure on upgrading the Twin Hills Silver Mine will be determined having regard to a number of factors including:

- the performance of the existing operation and modifications already in progress;
- prevailing silver price;
- investigations into crushing options, which will consider contract crushing as well as purchasing additional equipment;
- additional power requirements for increased crushing and the comparative costs of purchasing and operating additional diesel generators or connecting to mains power;
- availability of water allocations for purchase and consequently the amount of pumping equipment and pipeline costs which may be incurred; and
- the amount of funds raised from the Offer.

The Company estimates that up to \$11 million capital could be required if all the above works are undertaken, but that capital figure could be reduced if contract crushing is determined to be the best option, which could also negate the need for the Company to install additional generating capacity or connect to mains electricity supply.

##### **Exploration and Project Acquisition**

Exploration programs are, by their nature, subject to change as results dictate the need for greater or less emphasis on a particular area, and if an opportunity arises, funds may be directed to a project acquisition rather than an existing project. The Directors presently believe that with current metal prices a substantial exploration and project acquisition effort is warranted with the following emphasis:

##### Texas Projects

###### *Twin Hills*

- Undertake near mine exploration to the south-west of the planned final pit with a view to maintaining the resource base. Possible deep diamond drilling under the main pit area to identify underlying sulphide mineralisation.

###### *Mt Gunyan*

- Continued in-fill drilling to enable calculation of a resource, in accordance with the JORC guidelines, so that an application for a mining lease can be made if warranted. Mt Gunyan is only 3km from Twin Hills Silver Mine and processing may be able to utilize existing infrastructure.
- Further diamond drilling to follow up on the highest grade intersection to date (592g/t silver and 172g/t gold) and the recently encountered massive sulphide mineralisation. Conduct downhole

geophysics and surface 3D induced polarisation geophysics to delineate the zones of massive sulphide mineralisation.

#### *Silver Spur*

- Deep diamond drilling associated with downhole electro magnetic geophysics in order to obtain data to calculate additional resources.
- Shallow reconnaissance drilling in the immediate area to locate similar soil covered structures to Silver Spur. Soil sampling techniques are unreliable in the area due to contamination from historic mining and processing.

#### Central Queensland Projects

##### *Tally Ho Project*

- Estimation of a resource at the Tally Ho Mineral Development Licence, in accordance with the JORC guidelines.
- Undertake surface mapping and soil sampling to determine drill targets on newly granted exploration licences, Denison Creek and Connors Range.

##### *Mt Scott Project*

- Initial surface mapping and soil sampling, followed by reverse circulation drilling on this new (275km<sup>2</sup>) exploration licence, 40km south of the Tally Ho Project.

##### *Exmoor Project*

- Pursue the grant of the exploration licence application (370km<sup>2</sup>) and undertake field work to determine drill targets.

#### Malachite Joint Venture Projects

##### *Boonoo Boonoo and Rivertree*

- Continue regional work with drill programs planned for mid 2008.

#### Project Acquisitions

- The Company is in discussions regarding possible involvement in a silver and base metals exploration project in north-west Queensland which could become part of the exploration effort by mid 2008.
- The Company continues to utilize its knowledge of silver potential areas to seek silver and base metal projects in locations which offer suitable infrastructure for development, with particular focus on Queensland.

The amount of funds applied to each part of the exploration program will be determined by exploration success and will vary depending upon the amount raised from this Offer and the amount of capital employed at the Twin Hills Silver Mine. Going forward the exploration effort may also be enhanced using cashflow generated from Twin Hills Silver Mine. To take advantage of the potential in existing and new projects and to maximise the effectiveness of the Company's exploration team the Directors hope to be able to allocate \$5 to \$7 million dollars from this raising to undertake the program outlined above.

#### **2.1.2 Funding Shortfall**

If the Issue is not fully subscribed the Directors will review the Company's expenditure commitments and alternative funding options in the light of information then available. Alternative funding options may include placements to existing or new shareholders and joint venture funding arrangements. Initially, if the full subscription to this Entitlements Issue is not received, the Company will assess the priorities for Twin Hills Silver Mine upgrades and allocate funds to these upgrades and reduce exploration expenditures pending alternative funding.

## 2.2 CAPITAL STRUCTURE

### 2.2.1 Existing Share Capital and Options Outstanding

|   | <i>No. of Shares/Options</i> |
|---|------------------------------|
| Existing Shares.....  | 462,410,605                  |
| Existing Listed Options (Exercisable by 30 October 2008 at 25 cents) .....                | 79,249,162                   |
| Existing Unlisted Options (Non transferable - Exercisable by 31/12/2007 at 20 cents)..... | 687,500                      |
| Existing Unlisted Options (Non transferable - Exercisable by 01/11/2009 at 20 cents)..... | 1,512,500                    |
| Existing Unlisted Options (Non transferable - Exercisable by 01/12/2008 at 15 cents)..... | 300,000                      |
| Existing Unlisted Options (Non transferable - Exercisable by 12/11/2008 at 20 cents)..... | 4,097,500                    |
| Existing Unlisted Options (Non transferable - Exercisable by 14/08/2011 at 45 cents)..... | 8,475,000                    |
| Existing Unlisted Options (Non transferable - Exercisable by 29/11/2010 at 28 cents)..... | 5,200,000                    |

The number of New Shares and New Options which may be issued as a result of this prospectus is:

- up to a maximum of approximately 92.4 million New Shares.
- up to a maximum of approximately 46.2 million New Options exercisable at 25 cents on or before 30 October 2008.

### 2.2.2 New Shares and New Options

The number of New Shares and New Options that the Company issues as a result of the Offer will depend on the exercise of any existing options prior to the Record Date, the number of acceptances and the effects of rounding.

### 2.2.3 Expected Share Capital

If this Issue is fully subscribed, upon completion MACMIN will have on issue:

- approximately 554,810,605 Shares;
- approximately 125,449,162 Listed Options exercisable at 25 cents on or before 30 October 2008; and
- 20,272,500 Unlisted Options.

This assumes that no existing Options (refer Section 2.2.1) are exercised prior to the completion of this Issue.

### 2.2.4 Exercise of Options

If an existing Optionholder decides to exercise Options currently on issue the number of Shares on issue on completion of the Issue under this prospectus will be greater than the numbers given above, and the number of Options on issue will be reduced accordingly.

## 3. ACTION REQUIRED BY SHAREHOLDERS

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### 3.1 PAYMENT FOR NEW SHARES

Payments for the New Shares and New Options are to be made in Australian currency either:

- (a) by BPAY if you have an account with an Australian financial institution; OR
- (b) by cheque or bank draft drawn and payable at any Australian bank, made payable to "MACMIN SILVER LTD" and crossed "Not Negotiable".

Shareholders are asked not to forward cash. Receipts for payments will not be issued.

### 3.2 IF YOU WISH TO APPLY FOR MORE THAN YOUR ENTITLEMENT

- (a) Use the BPAY facility as outlined in the accompanying Entitlement and Acceptance Form. **There is no need to complete and return the form if using BPAY.** Payments must be received by the Share Registry by no later than 5.00pm Eastern Standard Time on 30 January 2008; OR
- (b) Pay by cheque and complete the accompanying Entitlement and Acceptance Form by:
  - inserting the number of additional New Shares you wish to apply for;
  - calculate the total value of your entitlement and additional New Shares (accompanied by one **free** New Option for every two New Shares purchased) at 20 cents per New Share. An amount payable guide is included on page 23 as an example; and
  - Complete the remainder of the form, enclose a cheque for the total amount payable and return in the envelope enclosed with this prospectus to reach the Share Registry at the address shown on the form, by no later than 5.00pm Eastern Standard Time on 30 January 2008.

### 3.3 IF YOU WISH TO TAKE UP YOUR ENTITLEMENT IN FULL

Pay using the BPAY facility (see 3.2(a)) or complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form. Forward your completed form together with payment for the amount shown on the form, in the envelope enclosed with this prospectus to reach the Share Registry at the address shown on the form, by no later than 5.00pm Eastern Standard Time on 30 January 2008.

### 3.4 IF YOU WISH TO TAKE UP PART ONLY OF YOUR ENTITLEMENT

Pay using the BPAY facility (see 3.2(a)) or complete the accompanying Entitlement and Acceptance Form by inserting the total number of New Shares for which you wish to accept the Offer under this prospectus and forward the completed form together with your payment at 20 cents per share (which includes one **free** New Option for every two New Shares purchased) in the envelope enclosed with this prospectus to reach the Share Registry at the address shown on the form, by no later than 5.00pm Eastern Standard Time on 30 January 2008.

### 3.5 IF YOU DO NOT WISH TO TAKE UP ANY PART OF YOUR ENTITLEMENT

You are not required to take any action. Your entitlement to subscribe for New Shares and New Options will lapse if you take no action.

IF YOU ARE IN ANY DOUBT AS TO HOW TO COMPLETE OR DEAL WITH THE ENTITLEMENT AND ACCEPTANCE FORM, YOU SHOULD CONTACT YOUR STOCKBROKER OR YOUR LICENSED FINANCIAL ADVISER FOR ASSISTANCE.

### 3.6 ENTITLEMENTS NOT TAKEN UP

The entitlements to the New Shares and New Options are non renounceable. Accordingly there will be no trading of Entitlements on ASX. If you do not take up your Entitlement the Offer to you will lapse.

## 4. INFORMATION ON THE NEW SHARES AND NEW OPTIONS

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### 4.1 NEW SHARES

- 4.1.1 Application has been made for the New Shares and New Options to be granted Official Quotation by ASX.
- 4.1.2 The New Shares to be issued pursuant to this prospectus are fully paid ordinary Shares and after their allotment will rank equally in all respects with the Company's ordinary Shares.
- 4.1.3 New Shares will entitle the holder to participate in dividends on the same basis as the holders of existing fully paid Shares.
- 4.1.4 The rights and liabilities attached to New Shares offered by this prospectus arise from a combination of:
- MACMIN's constitution; and
  - in certain circumstances, the Corporations Act, ASX Listing Rules, SCH Business Rules and the general law.

Shareholders may inspect a copy of MACMIN's constitution at MACMIN's registered office during normal business hours.

A summary of the significant rights attaching to New Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities attaching to New Shares.

#### **Voting**

At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each fully paid Share held.

#### **Dividends**

The profits of MACMIN which the Directors may, from time to time, determine to distribute by way of dividend shall be applied in payment of dividends on the Shares in proportion to the amount paid or credited as paid in respect of each Shareholder's Shares. No dividends are payable except out of the profits of MACMIN and a declaration by the Directors as to the amounts of profits available for dividend is conclusive evidence of the amount so available. The Directors may carry forward any profits of MACMIN or carry profits to any appropriate reserve as they think proper, before declaring any dividends. The time for payment of a dividend is determined by the Directors.

#### **Winding Up**

Shareholders shall, upon MACMIN being wound up, participate in any distribution of excess capital or assets of MACMIN remaining after the liabilities of MACMIN have been paid, in proportion to the amount paid or credited as paid in respect of each Shareholder's Shares.

## **Meetings and Notices**

Each Shareholder is entitled to receive:

- notice of and attend general meetings of MACMIN; and
- all notices, accounts and other documents MACMIN is required to send Shareholders by MACMIN's Constitution, the Corporations Act or the ASX Listing Rules.

## **Transfer of Shares**

A Shareholder may transfer Shares:

- by a market transfer according to any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating the transfer of Shares;
- by an instrument in writing in a form approved by ASX; or
- in any other usual form or in a form approved by the Directors.

The Directors may refuse to register a transfer of Shares where:

- (a) such refusal is permitted by the Listing Rules or registration would result in a contravention of or failure to observe the provisions of the Listing Rules or the Corporations Act or any other law of the Commonwealth or any State or Territory of the Commonwealth;
- (b) the Company has a lien on the Shares the subject of the transfer;
- (c) the transfer is in respect of a partly paid Share in respect of which a call has been made and is unpaid;
- (d) the transfer would at the date of acquisition result in a new holding of less than a Marketable Parcel; and
- (e) more than 3 persons are to be registered as joint holders except in the case of executors or trustees of a deceased Shareholder.

Where the Directors refuse to register a transfer of Shares, the Company will give written notice of the refusal and the precise reasons for the refusal to the transferee within 5 Business Days after the date on which the transfer was lodged with the Company.

## **Issue of Further Shares**

The Directors may, subject to MACMIN's Constitution, the Corporations Act and the ASX Listing Rules, issue and allot New Shares on terms and conditions they think fit.

## **Variation of Class Entitlements**

Subject to the Corporations Act and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class or convert Shares from one class to another:

- with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of the Shares in that class; or
- with the sanction of a special resolution passed by a meeting of the Shareholders holding Shares in that class.

## **Alteration of the Company's Constitution**

The constitution can only be amended by a special resolution passed by at least three-quarters of Shareholders present and voting at a general meeting.

## **4.2 NEW OPTIONS**

The terms and conditions attaching to the New Options are set out below:

- 4.2.1 Each New Option entitles the holder to subscribe for one Share at an exercise price of 25 cents per Share.
- 4.2.2 The New Options are exercisable at any time on or before 5.00pm Eastern Standard Time 30 October 2008 ("Expiry Date"). Options may only be exercised in multiples of 1,000. Any New Options not exercised by the Expiry Date shall lapse.
- 4.2.3 New Options may not be exercised if the effect of such exercise and subsequent allotment of Shares would be to create a holding of less than a marketable parcel of Shares unless the allottee is already a Shareholder of the Company at the time of exercise.
- 4.2.4 Exercise of the New Options is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 25 cents per New Option exercised (the "exercise price").
- 4.2.5 The New Options issued pursuant to this prospectus will be transferable and application has been made for their Official Quotation on ASX.
- 4.2.6 All Shares issued upon exercise of the New Options and payment of the exercise price will rank equally in all respects with the Company's then existing Shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the New Options within three days of the issue of the Shares.
- 4.2.7 A certificate will not be issued for the New Options and an uncertificated holding statement will be provided.
- 4.2.8 There are no participating rights or entitlements inherent in the New Options and holders will not be entitled to participate in new Entitlements Issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the Issue is announced. This will give the holders of New Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- 4.2.9 In the event of any reconstruction, including a consolidation, subdivision, reduction or return of the issued capital of the Company prior to the Expiry Date, the number of New Options to which each holder is entitled or the exercise price of the New Options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on Optionholders which are not conferred on Shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of Shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the New Options will remain unchanged. The rights of an Optionholder may be changed to comply with the Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- 4.2.10 Shares allotted and issued pursuant to the exercise of a New Option will be allotted and issued not more than 14 days after the receipt of a proper notice and payment of the exercise price in respect of the New Option exercised.

## 5. INFORMATION ON MACMIN SILVER LTD

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### 5.1 COMPANY REPORTING

MACMIN is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations pursuant to ASX Listing Rules and the Corporations Act. The ASX Listing Rules require MACMIN to immediately notify ASX (subject to limited exceptions), of information concerning MACMIN that MACMIN is or becomes aware of, that a reasonable person would expect to have a material effect on the price or value of MACMIN's Shares.

Copies of documents lodged in relation to MACMIN with ASIC may be obtained from or inspected at an office of ASIC.

The Company will provide a copy of the following documents, free of charge, to any person who requests such a document on or before the Closing Date:-

- the annual financial report of MACMIN relating to the year ended 30 June 2007, being the most recently lodged annual financial report before the date of this prospectus; and
- any continuous disclosure notices given by MACMIN to ASX after the lodgement of the annual financial report of MACMIN for the year ended 30 June 2007 and before the date of this prospectus. The following is a list of those continuous disclosure notices:

| <b>Document Date</b> | <b>Headline</b>  |
|----------------------|--|
| 19 Dec 2007          | Company Operations Update  |
| 29 Nov 2007          | Allotment of Unlisted Options to Employees                       |
| 26 Nov 2007          | Allotment of Securities pursuant to Exercise of Listed Options   |
| 20 Nov 2007          | Chairman's Address   |
| 20 Nov 2007          | Outcome of Annual General Meeting                                |
| 20 Nov 2007          | Employee Incentive Option Plan                                   |
| 13 Nov 2007          | Good Results from Mt Gunyan Drilling                             |
| 09 Nov 2007          | Allotment of Securities pursuant to Exercise of Unlisted Options |
| 07 Nov 2007          | Convertible Note Funding   |
| 31 Oct 2007          | Quarterly Activities Report                                      |
| 30 Oct 2007          | Sale of Silver Powder  |
| 18 Oct 2007          | Notice of Annual General Meeting/Proxy Form                      |
| 15 Oct 2007          | Macmin Plan for 2008 and Twin Hills Silver Mine Update           |
| 27 Sept 2007         | Allotment of Securities pursuant to Exercise of Listed Options   |
| 27 Sept 2007         | More High Silver and Gold at Tally Ho                            |
| 26 Sept 2007         | CEO Terms of Employment  |
| 26 Sept 2007         | Change of Director's Interest Notice                             |
| 25 Sept 2007         | Mt Gunyan Silver Values to 524g/t                                |
| 20 Sept 2007         | Macmin Silver Appoints new CEO                                   |

Alternatively, these documents may be viewed at MACMIN's website at [www.macmin.com.au](http://www.macmin.com.au) .

### 5.2 TRANSACTION SPECIFIC PROSPECTUS

This prospectus is issued in reliance on section 713 of the Corporations Act. Section 713 of the Corporations Act enables a company to issue a transaction specific prospectus if the prospectus is for an offer of securities of a class of securities that have been continuously quoted on ASX for at least 12 months before the date of issue of the prospectus. The New Shares offered under this prospectus are of a class of securities that are continuously quoted securities.

## 6. GENERAL RISK FACTORS

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Investors should be aware that there are risks associated with investment in MACMIN.

Investors should consider the New Shares and New Options offered under this prospectus as speculative as a result of the inherent risks associated with minerals exploration, appraisal, development and production.

The Directors identify in this section the critical risks that the Directors consider are relevant to investing in New Shares and New Options. These risks are not necessarily exhaustive and should be treated as a general guide only. Prospective investors should read this prospectus in full and seek professional independent advice from an Australian financial services licensee in light of particular needs, objectives, financial circumstances and investment preferences.

Prospectus investors may be able to manage the impact of risk by obtaining independent professional advice tailored to their own investment objectives, financial situation and particular needs.

### 6.1 MARKET CONDITIONS

The Shares of MACMIN are listed on ASX and are subject to all the normal risks and benefits associated with ownership of an interest in a publicly traded company. As such, they are influenced by the broader domestic and global economic market trends dominating the Australian share market, and can be subject to share price movement which is completely independent of developments within MACMIN.

### 6.2 PRECIOUS METAL PRICES

The performance of the share price of MACMIN can be influenced by fluctuations in international precious metal prices. The determinants of these prices are associated with global economic conditions and it is not possible to accurately assess which conditions will prevail in the future.

### 6.3 EXCHANGE RATES

Silver and other metals are traded on world markets in US dollars whereas the income and expenditure of MACMIN are, and will be taken into account in, Australian currency. Consequently, the potential income stream of MACMIN will be exposed to fluctuations in currency exchange rates and will have an impact on the financial performance of MACMIN.

### 6.4 MINE DEVELOPMENT AND OPERATION

MACMIN's performance may be impacted by its ability to successfully achieve production targets at MACMIN's Twin Hills Silver Mine within the Board's anticipated timeframe. This may be impacted by availability and changes in costs of equipment, materials and labour or by performance of the processing equipment and leaching process.

### 6.5 FURTHER EQUITY AND DEBT FUNDING

The Company's ability to exploit its exploration licences and meet operating costs depends on the Company's ability to raise funds sought under the Issue as well as additional equity or debt funding when required. The Company may also seek to raise debt funding in the future or enter into joint ventures. There is no guarantee the Company will be able to raise this equity or debt funding or enter into joint ventures. If the Company is unable to raise equity or debt funding or enter into joint ventures on suitable terms this may have an adverse effect on the Company's ability to achieve its objectives. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which could limit MACMIN's operations and business strategy.

## 6.6 EXPLORATION AND DEVELOPMENT SUCCESS

Exploration activity is inherently risky and uncertain. There is no certainty that the exploration program that MACMIN intends to undertake using funds raised under this prospectus will result in identifying any mineral resource or that any resource that MACMIN may find will be capable of being economically mined.

Exploration and appraisal of exploration results is a process subject to unforeseen contingencies. Exploration programs must be flexible enough to respond to the results obtained. The actual scope, costs and timetables of exploration programs may differ substantially from the proposals set out in this prospectus.

The success of MACMIN is directly linked to the level of success it is able to achieve in the exploration and development of its prospects. Sustained failure of MACMIN to locate and develop commercial deposits of gold, silver or other metals would endanger the long-term commercial viability of MACMIN.

## 6.7 ENVIRONMENTAL

The mining industry is likely to become the object of increasing scrutiny with regard to its observance of environmental issues. MACMIN is particularly aware of this risk but is not aware of any significant material exposure in this regard. MACMIN's policy is to conduct its operations in accordance with all applicable laws.

MACMIN's exploration programs may be subject to approval by relevant regulatory authorities in accordance with Australian State and Federal laws and regulations. The operations and activities of MACMIN are environmentally sensitive and cannot be carried out without prior approval from, and compliance with, all relevant environmental authorities.

Development of any mineral resources discovered from the exploration programs will be dependent on the project meeting environmental guidelines and obtaining approval from relevant regulatory authorities.

Whilst MACMIN intends to conduct all its activities in a manner that is environmentally responsible and in accordance with all relevant laws, there are certain risks inherent in MACMIN's activities which could subject MACMIN to environmental liabilities.

## 6.8 REGULATION

MACMIN's activities in the mining industry are subject to regulations and approvals including exploration licences, mining leases and environmental regulations and approvals. Approvals, including renewals of exploration licences and mining leases are often discretionary and can include restrictive conditions. There is no guarantee that if MACMIN identifies mineral resources from its exploration activities that it will be able to secure any necessary approvals to extract the minerals or to secure these approvals on economically viable terms.

## 6.9 NATIVE TITLE

The *Native Title Act 1993* (Cth) (**NTA**) and its interaction with the common law is complex. Much of the law remains uncertain and subject to litigation in the Federal and High Courts of Australia.

Native Title may exist, and should generally be presumed to exist over Crown land which is not (yet) the subject of a Native Title claim and should generally be presumed to exist over Crown land where extinguishment of Native Title cannot be demonstrated. The NTA only applies where Native Title rights and interests have not previously been completely extinguished by grant of inconsistent non-Native Title rights or interests over the same land or waters.

In relation to the grant of mining tenements (e.g. some prospecting permits, exploration permits and mining leases) over land where Native Title may not have been completely extinguished, the NTA prescribes the 'Right to Negotiate' procedure (**RTN**) which must be complied with in order that the grant is valid with respect to Native Title. The RTN is a substantial procedural right that is afforded to

registered Native Title holders and claimants, the compliance with which may be significantly onerous for the applicant of the mining tenement. However, any renewal of a granted mining tenement is not required to comply with the RTN so long as the renewal does not confer any greater rights than the original tenement and the area of the renewed tenement is not extended.

There is a risk that the tenements held by MACMIN, or other tenements in which MACMIN may acquire an interest in the future, may include areas over which legitimate common law native title rights exist. If a native title application is made in respect of an area within MACMIN's tenements, this may impact MACMIN's ability to access the tenements and may subject MACMIN to negotiations and compensation obligations.

## **6.10 INTERNAL GOVERNMENT RELATIONS**

MACMIN through its associate, New Guinea Gold Corp., is involved, and may expand its involvement, in developing countries where political control and applicable laws can be subject to rapid change. Such changes can have an impact on the ability to operate effectively in those countries.

## **6.11 JOINT VENTURE PARTNERS**

MACMIN may become party to joint venture agreements in which it may potentially hold minority interests and in which it may be voted into programs and budgets which could cause MACMIN to expend working capital in a manner that may not reflect the priorities of MACMIN's Board. MACMIN, in some cases, may not be the manager of the joint venture.

Additionally, MACMIN is involved in the speculative aspects of the metals exploration and production business. It is subject therefore to risks outside of its control which will relate to a variety of factors. MACMIN may have little control over the financial performance of its joint ventures.

The above list of risk factors is not exhaustive of risks faced by MACMIN. Those risk factors, and others not specifically referred to above, may in the future materially affect the financial performance of MACMIN and the value of the Shares.

## 7. FINANCIAL INFORMATION

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### 7.1 EFFECT OF THE ISSUE ON THE COMPANY

The principal effects of the Issue, if fully subscribed, will be to:

- increase cash reserves by up to approximately \$18.42 million after costs to enable the Company to pursue its objectives as set out in Section 2.1.1.
- increase the number of issued Shares by a maximum of approximately 92.4 million to approximately 554,810,605.
- increase the number of issued Options by a maximum of approximately 46.2 million to approximately 145,721,662.

The increase in the cash reserves of the Company as a result of the Issue should, if the Issue is fully subscribed, provide the Company with sufficient working capital to meet its immediate objectives as outlined in Section 2.1.1.

### 7.2 FINANCIAL STATEMENTS

Set out below is the Consolidated Statement of Financial Position of MACMIN as extracted from the Financial Report for the year ended 30 June 2007. Reference should be made to that Report (see Section 5.1) for the notes to the Financial Statements. The Financial Report was audited by Pricewaterhouse Coopers.

Set out below is also a pro forma Statement of Financial Position of MACMIN as at 30 June 2007 assuming the Issue was fully subscribed and that no Options were exercised.

**MACMIN SILVER LTD & ITS CONTROLLED ENTITIES**  
**BALANCE SHEETS AS AT 30 JUNE 2007**

|   | <b>CONSOLIDATED</b> |                            |
|---|---------------------|----------------------------|
|   | <b>ACTUAL</b>       | <b>PRO-FORMA</b>           |
|   | <b>JUNE 2007</b>    | <b>If fully Subscribed</b> |
|   | <b>\$</b>           | <b>JUNE 2007</b>           |
|   | <b>\$</b>           | <b>\$</b>                  |
| <b>ASSETS</b>                                     |                     |                            |
| <b>Current Assets</b>                             |                     |                            |
| Cash and cash equivalents                         | 6,774,608           | 25,194,608                 |
| Trade and other receivables                       | 404,166             | 404,166                    |
| Inventories                                       | 1,828,069           | 1,828,069                  |
| Other assets/deferred mining costs                | 728,713             | 728,713                    |
| <b>Total Current Assets</b>                       | <b>9,735,556</b>    | <b>28,155,556</b>          |
| <b>Non-Current Assets</b>                         |                     |                            |
| Receivables                                       | 1,113,037           | 1,113,037                  |
| Property, plant and equipment                     | 8,490,036           | 8,490,036                  |
| Investments accounted for using the equity method | 5,022,880           | 5,022,880                  |
| Available for sale financial assets               | 1,679,152           | 1,679,152                  |
| Mineral exploration and evaluation expenditure    | 6,167,578           | 6,167,578                  |
| Mineral development expenditure                   | 12,867,400          | 12,867,400                 |
| <b>Total Non-Current Assets</b>                   | <b>35,340,083</b>   | <b>35,340,083</b>          |
| <b>Total Assets</b>                               | <b>45,075,639</b>   | <b>63,495,639</b>          |
| <b>LIABILITIES</b>                                |                     |                            |
| <b>Current Liabilities</b>                        |                     |                            |
| Trade and other payables                          | 1,534,109           | 1,534,109                  |
| Borrowings  | 480,047             | 480,047                    |
| <b>Total Current Liabilities</b>                  | <b>2,014,156</b>    | <b>2,014,156</b>           |
| <b>Non-Current Liabilities</b>                    |                     |                            |
| Borrowings  | 686,567             | 686,567                    |
| Provisions  | 3,747,638           | 3,747,638                  |
| <b>Total Non-Current Liabilities</b>              | <b>4,434,205</b>    | <b>4,434,205</b>           |
| <b>Total Liabilities</b>                          | <b>6,448,361</b>    | <b>6,448,361</b>           |
| <b>Net Assets</b>                                 | <b>38,627,278</b>   | <b>57,047,278</b>          |
| <b>EQUITY</b>                                     |                     |                            |
| Parent entity interest                            |                     |                            |
| Contributed equity                                | 65,646,508          | 84,066,508                 |
| Reserves  | 7,946,943           | 7,946,943                  |
| Accumulated losses                                | (34,966,173)        | (34,966,173)               |
| <b>Total Equity</b>                               | <b>38,627,278</b>   | <b>57,047,278</b>          |

(For full financial statements refer to the Annual Financial Report 2007 - available as set out in Section 5.1)

## 8. ADDITIONAL INFORMATION

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### 8.1 CHESS

The New Shares and New Options will participate from the date of commencement of quotation in the Clearing House Electronic Subregister System ('CHESS'), operated by ASX Settlement and Transfer Corporation Pty Limited. They may be held in uncertificated form (i.e. no share certificate will be issued) on the CHESS subregister under sponsorship of a broker or on the issuer-sponsored subregister.

The shares and options issued pursuant to this prospectus will be included in the Share Reference Number / Holder Identification Number shown at the top of your Entitlement and Acceptance Form.

### 8.2 INTERESTS OF DIRECTORS AND PROMOTERS

Except as set out in this prospectus no:

- Director or proposed Director; or
- promoter of the Company

holds or held at any time in the last two years any interest in:

- the formation or promotion of MACMIN;
- property acquired or proposed to be acquired by MACMIN in connection with its formation or promotion of the Offer; or
- the Offer.

The table below shows the relevant interests of each Director in securities of MACMIN as at the date of this prospectus:

| Director     | Number of Shares in which a Relevant Interest is held | Number of Listed Options Exercisable by 30.10.2008 | Number of Options Exercisable by 31.12.2007 (non-transferable) | Number of Options Exercisable by 12.11.2008 (non-transferable) |
|--------------|---|--|--|--|
| R.D. McNeil  | 6,084,023   | 1,534,274  | -  | -  |
| D.M. O'Neill | 4,756,002   | 539,251  | 300,000  | -  |
| P.A. McNeil  | 315,000   | 170,982  | 87,500   | -  |
| G.G. Lowder  | 321,497   | 20,000   | -  | -  |
| E.G. Newman  | 50,142  | 6,567  | 300,000  | 400,000  |

Directors and their associates who hold Shares at the Record Date will be eligible to participate in the Issue.

### 8.3 PAYMENTS OR BENEFITS TO DIRECTORS AND PROMOTERS

Except as set out in this prospectus, no one has paid or agreed to pay any amount or provided or agreed to provide any benefit to:

- any Director or proposed Director to induce them to become or to qualify as a Director; or
- a Director or proposed Director or promoter, for services provided by that person in connection with:
  - the formation or promotion of MACMIN; or
  - the Offer.

The remuneration paid or payable to Directors for the years ended 30 June 2006 and 30 June 2007 is set out below.

| Name                              | Year | Short-term employee benefits |               | Post-employment benefits |                    |                        | Share-based payment | Total \$  |
|-----------------------------------|------|------------------------------|---------------|--------------------------|--------------------|------------------------|---------------------|-----------|
|                                   |      | Cash salary and fees \$      | Cash Bonus \$ | Non-Monetary benefits \$ | Super-annuation \$ | Retirement benefits \$ | Options* \$         |           |
| <i>Directors</i>                  |      |                              |               |                          |                    |                        |                     |           |
| R.D. McNeil**                     | 2007 | 95,682                       | -             | -                        | 101,257            | -                      | -                   | **196,939 |
|                                   | 2006 | 101,252                      | -             | -                        | 78,598             | -                      | -                   | 179,850   |
| D.M. O'Neill                      | 2007 | 136,053                      | -             | 10,000                   | 60,886             | -                      | -                   | 206,939   |
|                                   | 2006 | 136,667                      | -             | 10,000                   | 43,183             | -                      | -                   | 189,850   |
| P.A. McNeil                       | 2007 | 15,333                       | -             | -                        | 1,380              | -                      | -                   | 16,713    |
|                                   | 2006 | 12,000                       | -             | -                        | 1,080              | -                      | -                   | 13,080    |
| E.G. Newman                       | 2007 | 154,844                      | -             | -                        | 13,936             | -                      | -                   | 168,780   |
|                                   | 2006 | 135,000                      | -             | -                        | 12,150             | -                      | 43,380              | 190,530   |
| G.G. Lowder                       | 2007 | 7,667                        | -             | -                        | 9,047              | -                      | -                   | 16,714    |
|                                   | 2006 | 12,000                       | -             | -                        | 1,080              | -                      | -                   | 13,080    |
| C.E. Iewago<br>(Resigned 1.12.05) | 2007 | -                            | -             | -                        | -                  | -                      | -                   | -         |
|                                   | 2006 | 5,000                        | -             | -                        | N/A                | -                      | -                   | 5,000     |

\*Option value calculation using Black-Scholes Model

\*\*Approximately 60% of cash remuneration for R.D. McNeil is subsequently charged to associated company, New Guinea Gold Corporation (NGG) in respect of services performed by R.D. McNeil for NGG.

### 8.4 INTERESTS OF, AND PAYMENT OR BENEFITS TO ADVISERS AND EXPERTS

Except as set out in this prospectus, no person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus holds or has at any time during the last two years held, any interest in:

- the formation or promotion of MACMIN;
- property acquired or proposed to be acquired by MACMIN in connection with its formation or promotion or in connection with the Offer; or
- the Offer.

Except as set out in this prospectus, no person has paid or agreed to pay any amount or provided or agreed to provide any benefit to a person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus for services provided by such person in connection with:

- the formation or promotion of the Company; or
- the Offer.

### **Hynes Lawyers**

Hynes Lawyers will receive approximately \$12,500 (excluding GST and disbursements) from the Company for the provision of legal services to the Company in relation to the Issue.

### **Registries Limited**

Registries Limited will receive approximately \$10,000 (excluding GST and disbursements) from the Company for the provision of Share Registry services to the Company in relation to the Issue.

## **8.5 COSTS OF THE ENTITLEMENTS ISSUE**

The total costs of the Entitlements Issue payable by the Company are estimated at approximately \$60,000. These expenses include ASIC application fees, ASX listing fees, share registry fees, legal fees, printing and distribution.

## **8.6 CONSENTS**

Hynes Lawyers has given and has not withdrawn their consent to be named as the Company's solicitors in the form and context in which they are named.

BDO Kendalls has given, and at the time of lodgement of this prospectus has not withdrawn, its consent to be named in this prospectus as Auditor in the form and context in which it has been named.

BDO Kendalls has made no statement, included in this prospectus or on which a statement made in the prospectus is based.

The Directors have given their consent to the lodgement of this prospectus with ASIC and have not withdrawn their consent prior to lodgement.

## **8.7 LIABILITY OF PERSONS NAMED IN THIS PROSPECTUS**

For the purposes of the Corporations Act, and notwithstanding that reference may be made to the parties listed below elsewhere in this prospectus:

- (a) Hynes Lawyers has not authorised or caused the issue of any part of this prospectus.
- (b) BDO Kendalls has not authorised or caused the issue of any part of this prospectus.

## **8.8 INTEREST ON APPLICATION MONEY**

MACMIN will be entitled to all interest paid or accrued on application money held in trust by MACMIN from the date of receipt of the application monies to the date of the allotment of the New Shares to which the application money relates.

## 8.9 BROKERS HANDLING FEE

There are no brokers to the Issue but a handling fee of 5.0% of the price of Shares issued will be paid to members of ASX and to other agents approved by the Directors in respect of New Shares and New Options issued pursuant to applications lodged by them.

## 8.10 ELECTRONIC PROSPECTUS

An electronic version of this prospectus is available from the Company at the internet address [www.macmin.com.au](http://www.macmin.com.au). The Entitlement and Acceptance Form included with the prospectus contains a declaration that the investor has personally received the complete and unaltered prospectus prior to completing the Entitlement and Acceptance Form.

The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the prospectus has been altered or tampered with in any way.

The Company has taken reasonable steps to ensure that the electronic version of the prospectus will not be tampered with or altered in any way and believes it to be extremely unlikely that this will occur during the period of the Issue, however, the Company cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the prospectus ought to immediately request a paper copy of the prospectus directly from the Company or a financial adviser.

## 8.11 ISSUE OF PROSPECTUS

Dated: 20 December 2007

A handwritten signature in black ink, appearing to read 'E. Newman', with a long horizontal flourish extending to the right.

E. Newman  
Director

This prospectus is issued by MACMIN and each Director has consented in writing to the issue of the prospectus.

## 9. CORPORATE DIRECTORY

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### DIRECTORS

Robert Donald McNeil (Chairman)  
Denis Michael O'Neill  
Peter Andrew McNeil  
Garry George Lowder  
Edgar George Newman

### CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

Garry Michael Edwards

### REGISTERED OFFICE/MANAGEMENT OFFICE

Level 1  
94 Bundall Road  
Bundall QLD 4217  
AUSTRALIA

Telephone: (07) 5592 2274  
Facsimile: (07) 5592 2275  
Email: [info@macmin.com.au](mailto:info@macmin.com.au)  
Website: [www.macmin.com.au](http://www.macmin.com.au)

### POSTAL ADDRESS

P.O. Box 7996  
Gold Coast Mail Centre  
Bundall QLD 9726  
AUSTRALIA

### SUBSIDIARY COMPANIES

Texas Silver Mines Pty Ltd (ACN 002 789 380) 100%

### ASSOCIATED COMPANIES

New Guinea Gold Corporation  
(British Columbia company listed on Canadian Venture Exchange) 15%

### AUDITORS

BDO Kendalls  
300 Queen Street  
Brisbane QLD 4000  
AUSTRALIA

### SHARE REGISTRY

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
AUSTRALIA

### SOLICITORS

Hynes Lawyers  
Level 6  
50 Appel Street  
Surfers Paradise QLD 4217  
AUSTRALIA

## 10. GLOSSARY

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In this prospectus the following words have these meaning unless the context otherwise requires:

"ASIC" means Australian Securities & Investments Commission;

"ASX" means ASX Limited;

"Company" means MACMIN SILVER LTD (ABN 53 056 776 160);

"Corporations Act" means the Corporations Act 2001 (Cth);

"Directors" means the directors of MACMIN SILVER LTD;

"Entitlement" or "entitlement" means the entitlement of a Shareholder to subscribe for New Shares pursuant to the Entitlements Issue;

"Entitlement and Acceptance Form" means the entitlement and acceptance form accompanying this prospectus;

"Entitlements Issue" means the pro rata offer of New Shares to Shareholders, as described in this prospectus;

"Issue" means the issue of New Shares pursuant to this prospectus;

"JORC" means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves: contained in Appendix 5 of ASX Listing Rules and mandatorily applicable to reporting of hard rock reporting of resources and reserves on ASX.

"Listing Rules" means the official listing rules of ASX;

"MACMIN" means MACMIN SILVER LTD (ABN 53 056 776 160);

"Marketable Parcel" has the meaning given in the ASX Listing Rules;

"New Options" means an option to subscribe for a Share exercisable at an exercise price of 25 cents per Share offered pursuant to this prospectus;

"New Shares" means the Shares offered pursuant to this prospectus;

"Offer" means the offer contained in this prospectus;

"Options" means options to subscribe for Shares;

"Optionholders" means the holders of Options;

"oz" means ounce/s;

"Shares" means fully paid ordinary shares in the capital of MACMIN SILVER LTD;

"Record Date" means 3 January 2008 (subject to change by the Company);

"Shareholders" means the holders of Shares;

"Shortfall" means the quantity of Entitlements under this Offer that Shareholders do not accept.

## 11. AMOUNT PAYABLE GUIDE

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| <b>Number of New Shares</b> | <b>Number of New Options</b> | <b>New Shares at 20 cents each payable in full upon application</b> | <b>Total for New Shares and New Options</b> |
|-----------------------------|------------------------------|---|---|
| 10,000                      | 5,000                        | \$2,000   | \$2,000                                     |
| 20,000                      | 10,000                       | \$4,000   | \$4,000                                     |
| 40,000                      | 20,000                       | \$8,000   | \$8,000                                     |
| 60,000                      | 30,000                       | \$12,000  | \$12,000                                    |
| 80,000                      | 40,000                       | \$16,000  | \$16,000                                    |
| 100,000                     | 50,000                       | \$20,000  | \$20,000                                    |
| 150,000                     | 75,000                       | \$30,000  | \$30,000                                    |
| 200,000                     | 100,000                      | \$40,000  | \$40,000                                    |
| 300,000                     | 150,000                      | \$60,000  | \$60,000                                    |
| 500,000                     | 250,000                      | \$100,000   | \$100,000                                   |
| 1,000,000                   | 500,000                      | \$200,000   | \$200,000                                   |
| 5,000,000                   | 2,500,000                    | \$1,000,000   | \$1,000,000                                 |

MACMIN SILVER LTD

ABN 53 056 776 160



**ASX: MMN**

[info@macmin.com.au](mailto:info@macmin.com.au)  
[www.macmin.com.au](http://www.macmin.com.au)