

Frequently Asked Questions



Administrators' Update To Shareholders

Macmin Silver Limited (Administrators Appointed)

ACN 056 776 160

ASX code: MMN ("Macmin")

11 November 2008

Who are the Administrators?

Chris Munday and Bryan Hughes of Pitcher Partners were appointed as Voluntary Administrators ("the Administrators") of Macmin and its subsidiary, Texas Silver Mines Pty Ltd (ACN 002 789 380) (collectively known as "the Group") on 3 November 2008 by their respective Boards of Directors pursuant to section 436A of the Corporations Act 2001 ("the Act"). Mr Munday and Mr Hughes are independent, experienced practitioners with extensive mining experience.

Who controls Macmin and its assets?

Following the appointment of the Administrators the powers of the Group's officers (including directors) are suspended. The Administrators assume control of the Groups' business, property and affairs.

How will shareholders be advised of the progress of the administration?

Due to the large number of shareholders, corresponding individually with shareholders is an expensive and time consuming process. Shareholders are advised that the Annual General Meeting scheduled for 19 November 2008 will be held however with a limited agenda. Given the current financial position of the Group and the need for the Administrators to focus on the assets and affairs of the Group, the Administrators will provide regular updates throughout the administration by way of announcements to the Australian Securities Exchange ("ASX").

What is the likely outcome for shareholders?

Given the early stage of the administration we are unable to advise the likely outcome for shareholders.

As previously advised, future developments in the administration will be made by way of announcement to the ASX.

Can I sell my shares whilst Macmin is in administration?

A trading halt was called and all listed securities in Macmin were suspended on 3 November 2008. Whilst Macmin is in administration the shares will remain suspended, unless advised otherwise by way of further announcement to the ASX.

Shareholders are unable to transfer their shares during the administration.

Section 437F of the Act states that a transfer of shares in a company, or an alteration in the status of members in a company that is made during the administration of the company is void except so far as the court orders otherwise.

Can I claim a capital loss on my shares?

Broadly before a capital loss can be claimed the Administrators must declare the shares worthless (Income Tax Assessment Act 1997 section 104-145). In order to make such a declaration the Administrators must have reasonable grounds to believe that there is **no likelihood** shareholders in the company will receive any further distribution for their shares.

At this time the Administrators are investigating the affairs of Macmin and its subsidiary and accordingly are not in a position to make such a declaration. Any change to this position will be advised by way of further announcement to the ASX.

Shareholders should seek independent taxation advice in relation to their shareholding and personal financial circumstances. It would be inappropriate for the Administrators to provide such advice to shareholders.

Who can I contact for more information?

The Administrators will provide further updates by way of announcements to the ASX. Shareholders are requested to refrain from contacting the Administrators' office at this time to allow the Administrators and their staff to focus on the assets and affairs of Macmin and achieve the best possible outcome for all parties concerned.

Any urgent queries should be directed to the Pitcher Partners Perth office.

How does an administration work?

The following table sets out the standard timetable for the conduct of an Administration:

Days from Appointment	Event	Comment
0	Appointment date	Administrators assume control of the company.
8 business days (9am EST 12 November 08)	First meeting of creditors	Creditors meet to discuss the reasons for the appointment, decide whether or not to appoint a committee of creditors and to confirm the appointment of the Administrators.
From appointment onwards	Investigations	Administrators conduct investigations into the business, property, affairs and financial circumstances of the company.
Usually 20 business days	Convene second meeting of creditors	Administrators issue: <ol style="list-style-type: none"> 1. Notice of Meeting; and 2. Report to Creditors.
Usually within 25 business days	Second meeting of creditors	Creditors vote to: <ol style="list-style-type: none"> 1. End the Administration; or 2. Enter into a Deed of Company Arrangement; or 3. Place the company into liquidation. <p>The second meeting can be adjourned for a period of up to 45 business days.</p>

Shareholders should note that the abovementioned meetings and reports are for creditors only in accordance with the Act.



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