

Frequently Asked Questions



Deed Administrator's Update to Shareholders

Macmin Silver Limited (Subject to Deed of Company Arrangement)
ACN 056 776 160

ASX code: MMN ("Macmin")

17 August 2009

Results of meeting of creditors

At the meeting of creditors held on 6 August 2009, the creditors of Macmin and its wholly owned subsidiary, Texas Silver Mines Pty Ltd ACN 002 789 380 (Subject to Deed of Company Arrangement), passed resolutions approving the Recapitalisation Deed with a syndicate of investors including Cygnet Capital Pty Ltd ACN 103 488 606 and Alcyone Mining Limited ACN 135 177 918 ("the Syndicate").

Approval by shareholders

Shareholder approval is a condition precedent of the Recapitalisation Deed and is therefore required in order to complete the deal. It is anticipated that a meeting of shareholders will be convened in late September / early October 2009 to consider and, if thought fit, approve the proposed restructure under the Recapitalisation Deed. If shareholder approval is obtained, it is anticipated that settlement will occur and Macmin will be quoted on the ASX as soon as possible following the meeting of shareholders.

Full details of the Recapitalisation Deed will be provided to shareholders prior to the meeting in a Notice of Meeting and Explanatory Statement. Shareholders should expect to receive this information within the next 1-2 weeks.

The proposed structure and business plan encompassed by the Recapitalisation Deed provides for Macmin's key operating assets in Queensland to be retained going forward. As a result, existing shareholders have the potential to benefit significantly from the value enhancement anticipated from the implementation of this business plan. The plan involves adopting a systematic approach, including a programme of metallurgical test work and a detailed economic review of the Twin Hills Silver Mine, with the objective of re-commencing commercially viable mining and processing operations.

As well as having the requisite financial backing, the Syndicate also comprises individuals with extensive experience in mine development, operations and corporate management. Their proposal is based on the development of sustainable silver production from the Company's assets.

It is my experience with other recapitalisations that I have been involved with that your retained interest may be the seed which grows into something substantial. If Macmin and its Twin Hills Project is managed correctly (which the Syndicate has the skill set and knowledge to do) then there is great potential to restore value to your retained interest.

I urge shareholders that have any concerns after reviewing the Notice of Meeting and Explanatory Statement or who require further clarification of the benefits of the Recapitalisation Deed for existing shareholders to contact Mr Ben Green of Pitcher Partners in Perth on (08) 9322 2022.

Further information?

The Deed Administrator will continue to provide further updates to shareholders by way of announcements to the ASX. Shareholders with further queries should refer to the Deed Administrator's previous announcements.

BRYAN HUGHES
DEED ADMINISTRATOR

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