



MACMIN SILVER LTD

(Subject to Deed of Company Arrangement)
(A.B.N. 53 056 776 160)

c/- Pitcher Partners
Level 1, 914 Hay Street
Perth WA 6000
AUSTRALIA

Telephone: (08) 9322 2022
Facsimile: (08) 9322 1262
Internet: www.macmin.com.au

The Company Announcements Platform
ASX Limited
By E-lodgement

ASX Announcement

Prospectus lodgement and \$4m Capital Raising Mandate executed

The Directors of Macmin Silver Ltd Limited (Subject to Deed of Company Arrangement) (**MMN** or the **Company**) are pleased to lodge the attached Prospectus to raise up to \$4m.

As previously announced to the market, the recapitalisation proposal was accepted by creditors on 6 August 2009 and is conditional (among other conditions) upon receipt of shareholder approval and the completion of a capital raising for a minimum of \$3.5m at \$0.01 to a maximum of \$4m at \$0.01.

To assist with the capital raising, the Company has formalised a Capital Raising Mandate with Cygnet Capital Pty Ltd (**Cygnet**) as lead manager. Cygnet is a boutique broking and corporate advisory house with offices in Perth and Melbourne. The arrangement is detailed further in the Prospectus.

The Directors of MMN recognise the support that current shareholders have provided over past years. In recognition of this, the Directors reserve the right to provide preference to existing shareholders when completing placement allocations.

Charles Morgan
Director



For further information relating to this announcement please contact:

Mr Andrew King
Director - Macmin Silver Ltd
0407 088 916

Cygnets Capital
www.cygnetscapital.com.au

Contact Brokers – Brad Dilkes or Nick Gold
(03) 9669 1900



**MACMIN SILVER LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

(to be renamed ALCYONE RESOURCES LTD)

ABN 53 056 776 160

PROSPECTUS

For the offer of up to 400,000,000 Shares at a price of 1 cent per Share to raise up to \$4,000,000.

This Prospectus also contains a number of separate offers for the issue of securities in the Company as specified in Section 5.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

IMPORTANT NOTICE

This Prospectus is dated 16 September 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC takes no responsibility for the content of this Prospectus.

The Deed Administrator was not involved in the preparation and lodgment of, or the making of the Offers under the capital raising, or the preparation and lodgment of or the making of Offers under this Prospectus, and the Deed Administrator accepts no liability with respect to the Offers or the Prospectus.

The Expiry Date of the Prospectus is 5.00pm (WST) on that date which is 13 months after the date it was lodged with the ASIC. No securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of the Offers under this Prospectus.

Applications for Shares and Promoter Options offered pursuant to this Prospectus can only be submitted on an original Application Form relevant to the Offer you are applying for which accompanies this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue under this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.macmin.com.au>

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form for Shares unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any

application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

TIMETABLE AND IMPORTANT DATES*

Lodgement of Prospectus with the ASIC and ASX	16 September 2009
Opening Date of all Offers	23 September 2009
Closing Date of the General Offer and the Promoter Offer	12 October 2009
Closing Date of the Cleansing Offer	12 November 2009
Expected date of Official Quotation of the Shares issued under the General Offer and the Shares and Promoter Options issued under the Promoter Offer	3 November 2009
Expected date of Official Quotation of the Shares issued under the Cleansing Offer	26 November 2009

*The Directors reserve the right to bring forward or extend the Closing Dates at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Dates.

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1. CORPORATE DIRECTORY

Directors*

Charles Morgan
Proposed Non Executive Chairman

Andrew King
Proposed Managing Director

Richard Harris
Proposed Executive Director

Share Registry**

Registries Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Telephone: (02) 9290 9600
Facsimile: (08) 9279 0664

Deed Administrator**

Bryan Hughes
Pitcher Partners
Level 1
914 Hay Street
PERTH WA 6000

Telephone: (08) 9322 2022
Facsimile: (08) 9322 1262

Solicitors to the Company

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Telephone: (08) 9321 4000
Facsimile: (08) 3221 4333

Registered Office

c/- Pitcher Partners
Level 1
914 Hay Street
PERTH WA 6000

Telephone: (08) 9322 2022
Facsimile: (08) 9322 1262

Corporate Advisor and Lead Manager

Cygnnet Capital Pty Ltd
Ground Floor
30 Richardson St
West Perth WA 6005

Telephone: (08) 9226 5511
Facsimile: (08) 9322 8744

Auditors**

BDO Kendalls (Qld)
Level 18
300 Queen Street
BRISBANE QLD 4000

Telephone: (07) 3237 5999
Facsimile: (07) 3221 9227

*These persons have been appointed by the Deed Administrator as directors of the Company and given delegated powers by the Deed Administrator for the purpose of preparing and lodging the Prospectus and undertaking the Offers. It is a condition of the Recapitalisation that Shareholders' approve their re-appointment as Directors of the Company at the Shareholder meeting scheduled for 1 October 2009.

** These parties were not involved in the preparation of this Prospectus and are named for information purposes only.

2. LETTER TO INVESTORS

Dear Investor,

On 3 November 2008, Mr Bryan Hughes was appointed by the Company as Administrator of the Company and its subsidiary, Texas Silver Mines Pty Ltd (**Texas**). On this date, the Company's securities were suspended from trading on the official list of ASX.

The Deed Administrator subsequently called for proposals to recapitalise the Company and Texas with a view to seeking reinstatement to trading of the Company's securities on ASX.

The Deed Administrator has accepted a proposal by the Syndicate for the restructuring and recapitalisation of the Company and Texas. On 6 August 2009, creditors of both the Company and Texas approved the Syndicate's proposal. The Company is seeking the necessary shareholder approvals to implement the Syndicate's proposal at a shareholders meeting scheduled for 1 October 2009.

If the Syndicate's proposal is approved and successfully completed:

- (a) all creditors' claims against the Company and Texas will be released and compromised under the DOCAs and replaced with claims against a Creditors' Trust funded by the Company;
- (b) the Company will come out of administration (by termination of the DOCAs);
- (c) the Company's Shares will re-commence trading on the ASX;
- (d) the Syndicate's nominees, who have extensive experience in the mining industry, will be re-appointed as Directors of the Company; and
- (e) the Company will evaluate the commencement of commercially viable silver production from the Texas Silver Mine and development of its other assets.

Further details of the Syndicate's proposal are set out in Section 3 of this Prospectus.

It is a condition of the Recapitalisation that the Company receives minimum subscriptions (and cleared funds) of at least \$3,500,000 under this Prospectus. Offers under this Prospectus will only complete if the Recapitalisation is completed.

The Directors propose to give some preference to applications for Shares under the General Offer to existing shareholders of the Company.

Yours faithfully

Charles Morgan
Director
Proposed Chairman

3. COMPANY OVERVIEW

3.1 Background

The Company was incorporated in Queensland on 10 August 1992 as Mac Mining NL. It changed its name a number of times until it adopted its current name on 11 September 2002.

The Company's Shares were listed on the ASX on 16th December 1993.

The Company's principal activities are mining and mineral exploration. The Company's major asset, which it holds through its wholly owned subsidiary, Texas Silver Mines Pty Ltd (**Texas**), is the Twin Hills silver mine which is located approximately 240km west-southwest of Brisbane and 10km east of the township of Texas in South East Queensland (**Texas Silver Mine**). Silver production commenced in April 2007 and the operations were placed on care and maintenance in June 2009.

Texas was registered in New South Wales on 29 May 1984 as O'Neill Hall and Associates Pty Ltd and changed its name to Texas Silver Mines Pty Ltd on 17 January 2001.

3.2 Suspension from trading of Company's Shares and Administration

The Company has previously announced the following reasons for the appointment of voluntary administrators on 3 November 2008:

- (a) the delay in supply and commissioning of additional crushing and leaching capacity at the Texas Silver Mine, and the slower than predicted leaching rate meant that the mine consumed more working capital than anticipated; and
- (b) the decrease in metal prices and the global financial crisis prevented the raising of additional capital or debt required.

The Company's Shares were suspended from trading on 3 November 2008.

The Company and Texas entered into deeds of company arrangement and the administrators commenced a sale process for the Company and its assets following the second creditors' meeting on 5 December 2008.

3.3 Syndicate's Proposal

As announced to the ASX, the Deed Administrator has entered into a Recapitalisation Deed with the Syndicate in order to recapitalise the Company.

The Recapitalisation is subject to a number of conditions including:

- (a) **(Shareholder Approvals)** Company Shareholders providing the necessary shareholder approvals at the Shareholders meeting scheduled for 1 October 2009, including approval for the Company completing a consolidation of its issued capital on a twenty (20) for one (1) basis and changing the Company's name to Alcyone Resources Ltd;
- (b) **(Minimum Subscription)** the Company receiving valid applications under a prospectus together with cleared funds for a minimum of \$3,500,000; and

- (c) **(ASX approval)** ASX confirming in writing that it will lift the suspension on trading of the Shares immediately following completion of the Recapitalisation Deed on terms satisfactory to the Syndicate and the Deed Administrator, acting reasonably, without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The outstanding conditions are set out in Schedule 1 of this Prospectus,

Under the Recapitalisation Deed, the Company has agreed to undertake the following capital raisings and issues of securities at completion of the Recapitalisation:

- (a) **(General Offer)** an issue of up to 400,000,000 Shares at an issue price of not less than 1 cent per Share to raise up to \$4,000,000;
- (b) **(Promoter Offer)** an issue of 150,000,000 Shares at an issue price of 0.1 cents per Share to the Syndicate (or their nominees) (together with the issue of one free Promoter Option for each Share issued) to raise \$150,000 or, at the Syndicate's election, to be set off the Syndicate's reasonable costs incurred under the Recapitalisation; and
- (c) **(Creditors' Trust)** an issue of 25,000,000 Shares to the Creditors' Trust at a deemed issue price of 1 cent per Share.

The 25,000,000 Shares to be issued to the Creditors' Trust as noted above are to be used in part satisfaction of creditors' claims. In addition, the Company will provide the following benefits to the Creditors' Trust at completion of the Recapitalisation to satisfy creditors' claims.

- (a) **(Completion Payment)** The Company will pay \$500,000 to the Creditors Trust.
- (b) **(Care and Maintenance Costs)** The Company will pay \$100,000 (inclusive of GST) to the Creditors Trust (or \$117,500 if completion of the Recapitalisation occurs after 19 October 2009) for care and maintenance costs of the Texas Silver Mine incurred prior to completion.
- (c) **(Silver Royalties and Mortgage)** Texas will grant a silver royalty to the Creditors' Trust and a separate silver royalty to the major secured creditor, YA Global Investments LP, the latter being secured by a mortgage over the real property underlying the Texas Silver Mine, over commercial silver production from the Texas Silver Mine (being mining lease ML 50161). The royalties combined equate to a 3% Gross Revenue royalty, with YA Global entitled to 75.41% of this and the Creditors' Trust entitled to the remainder. The royalties are payable after the first 1,000,000 ounces of silver have been produced until 7,000,000 ounces of silver have been produced.
- (d) **(Excluded Assets)** The Company and Texas will transfer the Excluded Assets to the Creditors' Trust.
- (e) **(First Right to Fund)** The Company and Texas will grant YA Global a first right to participate in future debt financing of the Texas Silver Mine (greater than \$500,000) or debt financing that is secured against the Company's or Texas' assets as at the completion date of the Recapitalisation until such time as the Company and Texas have satisfied all of their obligations under the Recapitalisation Deed

including having paid out the royalty granted to YA Global in accordance with the Recapitalisation Deed.

After completion of the Recapitalisation, the Company will provide the following benefits to the Creditors' Trust to satisfy creditors' claims.

- (a) **(Delayed Payment / Share Issue)** The Company will pay \$500,000 to the Creditors Trust upon commencement of commercial silver production from the Texas Silver Mine, provided that if the boards of the Company and Texas do not pass resolutions to commence commercial silver production within 18 months of completion of the Recapitalisation, the Company will, in lieu of paying \$500,000 as set out above, pay the Creditors' Trust \$150,000 and issue the Creditors' Trust with that number of Shares that, when combined with the 25,000,000 Shares issued to the Creditors' Trust on completion of the Recapitalisation, equals 15% of the issued capital of the Company as at the date the Company's Shares are reinstated to trading on the ASX.
- (b) **(Delayed Care and Maintenance Costs)** At the time the Company pays the amount of \$500,000 or \$150,000 as set out above, the Company must also pay the Creditors' Trust the remaining care and maintenance costs of the Texas Silver Mine incurred prior to completion of the Recapitalisation, provided that when combined with the initial payment for care and maintenance costs made at completion, the total amount paid does not exceed \$200,000 (inclusive of GST) (or \$235,000 inclusive of GST, if completion of the Recapitalisation occurs after 19 October 2009).

If the Recapitalisation is successfully completed:

- (a) creditors' claims against the Company and Texas will be released and compromised under the DOCAs and replaced with claims against the Creditors' Trust;
- (b) the Company will come out of administration (by termination of the DOCAs);
- (c) the Company's Shares will re-commence trading on the ASX;
- (d) the Syndicate's nominees, who have extensive experience in the mining industry, will be re-appointed as Directors of the Company; and
- (e) the Company will evaluate the commencement of commercially viable silver production from the Texas Silver Mine and development of its other assets.

In the event the Recapitalisation is not completed by 2 November 2009 (or such later date as the parties to the Recapitalisation Deed agree), the Recapitalisation Deed will terminate. In such an event, the Offers under this Prospectus will not proceed and any applications will be dealt with in accordance with the Corporations Act.

3.4 Directors

Mr Charles Morgan, Mr Andrew King and Mr Richard Harris have been appointed by the Deed Administrator as nominee Directors of the Company and given delegated powers by the Deed Administrator for the limited purpose of preparing and lodging the Prospectus and undertaking the Offers.

It is a condition of the Recapitalisation that Shareholders' approve the re-appointment of Messrs Morgan, King and Harris as Directors of the Company at the Shareholder meeting scheduled for 1 October 2009.

By way of background, detailed information in respect of the Directors is outlined below.

Mr Charles Morgan
Proposed Non Executive Chairman

Charles has extensive experience in equity capital markets and has been involved with numerous projects over a 25 year period. The bulk of these were in the resources/oil & gas industries and in the technology sector.

Charles has successfully identified emerging international opportunities and acquired large, early stage and strategic positions in a wide range of ventures around the globe. In addition to identifying and acquiring interest in early stage ventures, his particular strengths include partnering with regional experts, securing teams of appropriate executives, procuring development capital and adding value for the benefit of shareholders.

He is, or previously held the position of, Founder, Chairman, Director or major Shareholder in the following companies- Alto Energy Ltd, Nido Petroleum NL, West Oil NL, Fusion Oil & Gas NL, Valdera Ltd, Nautronix Ltd, WildHorse Ltd, Matra plc, Grand Gulf Energy Limited, Latent Petroleum Pty Ltd and VectoGen Ltd.

Mr Andrew King
Proposed Managing Director

A mining engineer with over 34 years experience in the mineral resources industry, including a considerable depth of knowledge and expertise in technical disciplines as well as in the successful establishment of new companies having founded and developed Goldstar Resources NL.

In addition to experience covering corporate, strategic and operational roles in gold, iron ore, coal and base metals, Andrew also holds qualifications in accounting and financial management. He is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Andrew is currently Chairman of Base Iron Ltd and provides corporate and operating consulting services to the mining and financial industries. Previously, he held senior positions with Tectonic Resources NL, Mt Edon Gold Mines (Aust) Pty Ltd and Griffin Coal Mining Company.

Mr Richard Harris
Proposed Executive Director

A mining engineer and international mining analyst with over 25 years experience in the mining and finance industries. He has considerable experience evaluating mining companies and projects, advising and raising capital for resource companies. Richard has been involved in a wide range of commodities and has specialized in mid to small capitalization gold mining companies.

In 2006 as Managing Director he founded and listed Eleckra Mines Limited, a gold and uranium exploration company. Subsequently he took the position of Executive Chairman (2007 – 2008).

Prior positions include senior mining analyst at Hartleys Ltd, senior business analyst – acquisitions at WMC Ltd and international mining analyst & Associate Director at Shearson Lehman Hutton Ltd, London.

3.5 Assets

The Texas Silver Mine is an open cut heap leach operation with associated mining and processing infrastructure.

Texas holds 6 exploration tenements in the area surrounding the Texas Silver Mine.

The Company has announced various resource estimates for the Texas Silver Mine and a number of identified targets in its surrounding exploration tenements to the ASX, including in its 2008 Annual Report. The Directors have not been in a position to verify these estimates and this Prospectus does not vouch for the accuracy of the announced estimates. Following completion of the Recapitalisation, the Directors intend to undertake a review of the resource estimates as part of its evaluations discussed in Section 3.6 below.

Macmin holds or has an interest in other exploration projects in Queensland and NSW, comprising a further 7 granted tenements, notably:

- (a) the 100% owned Tally Ho Project located in central Queensland;
- (b) the 100% owned Mt Scott Project located in central Queensland; and
- (c) the 75% owned Rivertree Project located in northern NSW.

A full list of the tenements held by the Company and Texas and their status are set out in Schedule 1.

3.6 Future of the Company

If the Recapitalisation is successfully completed, the Directors intend that upon re-commencement of trading of the Company's securities on the ASX, work will begin on the establishment of the design and cost parameters to enable a decision to be made on the commencement of commercially viable silver production for the Texas Silver Mine.

To assist with the delivery of the design and cost parameters, a detailed metallurgical test work programme will be commenced on the Texas Silver Mine ore body. This test work will begin with column leach tests undertaken at an independent laboratory. On the basis of success with these tests, a pilot plant scale test programme may be undertaken at the mine site. The results of this test work could be used to assist with the definition of the final processing parameters and the commencement of the detailed plant design work.

The laboratory work will take approximately 3 months to complete. However, it is anticipated that as preliminary results become available a decision to commence the pilot scale work could be made earlier enabling some work to run in parallel. It is anticipated that the pilot plant trials could take 3 to 4 months to deliver finite results with the detailed design work and the preparation of capital and operating costs to be undertaken after that.

While the metallurgical test work is being progressed, the Company intends to engage an independent mining consultant to re-optimize the mine design. It is

intended that this work will then be used as the basis for the preparation and calling of tenders for the mine operation.

Once all the various design, operating and capital cost parameters have been determined, the Directors intend to commence the preparation of an economic model to assess the potential viability of the commencement of commercial silver production at the Texas Silver Mine. The model will also consider the various potential alternatives that are available to fund the construction and development phases. It is envisaged that the Company will seek external advice in this area to assist in deriving the best economic solution.

Once completed, it is intended that the study will be reviewed by the Board and a decision taken as to the viability of commencing commercial silver production.

In addition to the above, during the first 6 months, a review of the various tenement holdings will be undertaken. This will be used to assess their prospectivity and formulate a strategy for longer term exploration and development opportunities to augment possible future production.

The Company will also consider any other near production opportunities that could offer synergistic growth opportunities. These opportunities will be in the resources sector and may or may not involve silver, gold or other precious metals. The Directors may also consider investment opportunities in bulk commodities (such as coal and iron ore) together with base metals.

4. INVESTMENT OVERVIEW

4.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4.2 Offers under this Prospectus

This Prospectus contains:

- (a) **(General Offer)** an offer to the public to subscribe for up to 400,000,000 Shares at 1 cent per Share to raise up to \$4,000,000 on the terms set out in this Prospectus;
- (b) **(Promoter Offer)** an offer of 150,000,000 Shares at an issue price of 0.1 cents per Share to the Syndicate (or their nominees) (together with the issue of one free Promoter Option for each Share issued) to raise \$150,000 or, at the Syndicate's election, to be set off the Syndicates' reasonable costs incurred under the Recapitalisation; and
- (c) **(Cleansing Offer)** an offer of 500 Shares at an issue price of 1 cent per Share to raise up to \$5.00 on the terms set out in this Prospectus.

Further details are provided in Section 5 of this Prospectus.

4.3 Purpose of Offers

The purpose of the General Offer under this Prospectus is to:

- (a) make payments to the Creditors' Trust as detailed in Section 3.3 above;
- (b) provide funds for strategic review of existing business, testwork, design and feasibility studies as detailed in Section 3.6 above;
- (c) provide funds for the ongoing cost of site care and maintenance, lease payments and both tenement and exploration costs;
- (d) provide funds for the review and acquisition of alternative/new projects; and
- (e) meet the administration costs of the Company and the expenses of the recapitalisation and reinstatement to trading on ASX.

The purpose of the Promoter Offer is to raise approximately \$150,000, or at the Syndicate's election, to set off the Syndicate's reasonable costs incurred under the Recapitalisation of the Company. It is intended that the entire \$150,000 will be set off and the use of funds budget in Section 4.4 reflects this.

The purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to the Shares issued by the Company prior to the Closing Date of the Cleansing Offer, in particular the issue of 25,000,000 Shares to the Creditors' Trust pursuant to the Recapitalisation Deed which will be issued without disclosure under section 708A of the Corporations Act on completion of the Recapitalisation.

4.4 Use of Funds – Expenditure Budget

An estimated budget is set out below for funds raised from the General Offer.

Total funds raised	\$3,500,000¹	\$4,000,000¹
Payment to Creditors' Trusts	\$617,500 ²	\$617,500 ²
Cost of Recapitalisation process	\$369,500	\$410,000
Review of existing business, testwork, design & feasibility studies	\$650,000	\$650,000
Site care & maintenance, lease & exploration costs	\$500,000	\$892,500
Corporate & administration costs	\$530,000	\$530,000
General working capital	\$833,000	\$900,000
Total funds utilised	\$3,500,000	\$4,000,000

Notes:

1. Assumes that the 150,000,000 Shares issued to the Syndicate (or their nominees) at an issue price of 0.1 cent each are set off against the Syndicates' reasonable costs incurred under the Recapitalisation and so no funds are raised.
2. Payment to the Creditors' Trust comprise a payment of \$500,000 plus a payment on account of care and maintenance costs of up to \$117,500 (including GST).

The above table is a statement of current intentions as at the date of this Prospectus. Future events may alter the manner in which funds are applied. The Board reserves the right to alter the way funds are applied on this basis.

4.5 Pro-forma Capital Structure

The capital structure of the Company following completion of the Recapitalisation is summarised below:

	Shares	Options
<i>Currently on issue</i>	511,098,640	33,544,003 ¹
Post 20 for 1 consolidation	25,554,932	1,677,200 ²
Issued under the Recapitalisation	575,000,000 ³	150,000,000 ⁴
Total	600,554,932	151,667,200

Notes:

1. Comprising 13,356,503 listed Options (8 cents each, expiring 30/09/2011), 1,512,500 unlisted Options (20 cents each, expiring 1/11/2009), 5,200,000 unlisted Options (28 cents each, expiring 29/11/2010), 8,475,000 unlisted Options (45 cents each, expiring 14/8/2011) and 5,000,000 unlisted Options (48 cents each, expiring 9/11/2012).

2. Comprising 667,825 listed Options (\$1.60 each, expiring 30/09/2011), 75,625 unlisted Options (\$4.00 each, expiring 1/11/2009), 260,000 unlisted Options (\$5.60 each, expiring 29/11/2010), 423,750 unlisted Options (\$9.00 each, expiring 14/8/2011) and 250,000 unlisted Options (\$9.60 each, expiring 9/11/2012).
3. Assumes 400,000,000 Shares issued under the General Offer at an issue price of 1 cent per Share, 150,000,000 Shares (with an issue price of 0.1 cents per Share) issued to the Syndicate or its nominees and 25,000,000 Shares issued to the Creditors' Trust.
4. Promoter Options

4.6 Risk Factors

Prospective investors in the Company should be aware that subscribing for Securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 8 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 8 of this Prospectus, and other general risks applicable to all investments in securities not specifically referred to, may in the future affect the value of the Securities. Accordingly, an investment in the Company should be considered speculative.

5. DETAILS OF THE OFFERS

5.1 General Offer

Under the General Offer, the Company invites investors to apply for up to 400,000,000 Shares at an issue price of 1 cent per Share, payable in full on application, to raise up to \$4,000,000 on the terms set out in this Prospectus.

5.2 Promoter Offer

Under the Promoter Offer, the Company invites the Syndicate (or their nominees) to apply for up to 150,000,000 Shares at an issue price of 0.1 cent per Share to raise up to \$150,000 or, at the Syndicate's election, to be set off the Syndicates' reasonable costs incurred under the Recapitalisation on the terms set out in this Prospectus.

For each Share issued under the Promoter Offer, the Company will issue one free Promoter Option (up to a maximum of 150,000,000 Promoter Options) exercisable at 1 cent each on or before 30 September 2012.

5.3 Cleansing Offer

Under the Cleansing Offer, the Company is offering to issue 500 Shares at an issue price of 1 cent per Share to raise up to \$5.00 on the terms set out in this Prospectus.

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to securities issued by the Company prior to the Closing Date of the Cleansing Offer, in particular the issue of 25,000,000 Shares to be made to the Creditor's Trust in accordance with the Recapitalisation Deed.

5.4 Opening and Closing Dates

The Opening Date of the Offers will be 23 September 2009.

The Closing Date of the General Offer and the Promoter Offer will 5.00pm (WST) on 12 October 2009.

The Closing Date of the Cleansing Offer will be 12 November 2009 at 5:00pm WST.

The Directors reserve the right to close any of the Offers early or extend the Closing Date of any of the Offers (as the case may be), should it be considered by them necessary to do so.

5.5 Conditions of the Offers

The Offers are conditional upon the Recapitalisation Deed becoming unconditional.

The main outstanding condition under the Recapitalisation Deed is raising the minimum subscription of \$3,500,000 under this Prospectus.

5.6 Application for Securities

Applications for Securities must be made using the appropriate Application Form accompanying this Prospectus.

Completed application forms and accompanying cheques must be mailed or delivered to:

C/- Cygnet Capital Pty Ltd
PO Box 1507
WEST PERTH WA 6872

Cheques should be made payable to "Macmin Silver Ltd – Securities Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the addresses set out above by no later than the relevant Closing Date for the Offer that you are subscribing for.

Applications for Securities under the Offers must be for a minimum of 50,000 Securities and thereafter in multiples of 5,000 Shares.

5.7 Minimum Subscription

There is a minimum subscription of \$3,500,000 for the General Offer.

If the minimum subscription has not been raised within four (4) months of the date of this Prospectus or such longer period as is permitted by the Corporations Act, none of the Securities offered under the Offers under this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act.

5.8 Oversubscriptions

No oversubscriptions will be accepted by the Company.

5.9 Not Underwritten

The Offers are not underwritten.

5.10 Allotment of Securities

Subject to the Offers becoming unconditional, allotment of Securities will take place as soon as practicable after the relevant Closing Date, it being envisaged that this will be:

- (a) in the case of the Promoter Offer, two Business Days prior to completion of the Recapitalisation Deed;
- (b) in the case of the General Offer, the same day as completion of the Recapitalisation Deed; and
- (c) in the case of the Cleansing Offer, as soon as practicable after the Closing Date for the Cleansing Offer.

Prior to allotment, application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

The Directors will determine the allottees of all the Securities. The Directors reserve the right to reject any application or to allocate any applicant fewer Securities than the number applied for.

The Directors propose to give some preference to applications for Shares under the General Offer to existing shareholders of the Company.

Where the number of Securities allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the relevant Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the relevant Closing Date. Interest will not be paid on monies refunded.

5.11 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares offered under this Prospectus.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

The Company **will not** be applying for official quotation by ASX of the Promoter Options offered pursuant to this Prospectus.

In the event that ASX does not grant permission for the Shares offered under this Prospectus to be admitted to quotation within 3 months after the date of lodgement of this Prospectus with the ASIC (or such period as is varied by the ASIC), none of the securities offered by this Prospectus will be allotted or issued. In that circumstance, all applications will be dealt with in accordance with the Corporations Act.

5.12 Restrictions on the Distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia.

5.13 Commissions Payable

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

5.14 CHESS and Issuer Sponsorship

The Company already participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS

will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and Promoter Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

5.15 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

5.16 Privacy Act

If you complete an application for securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Securityholder, facilitate distribution payments and corporate communications to you as a Securityholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

6. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The consolidated unaudited Balance Sheet of the Company as at 30 June 2009 and an unaudited Pro Forma Balance Sheet as at 30 June 2009 showing the effects of the Offers contemplated by this Prospectus (on a post Consolidation basis) are shown on the following page.

These have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares and Promoter Options pursuant to the Offers in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Applicants with information on the assets and liabilities of the Company and Texas and pro-forma consolidated assets and liabilities of the Company and Texas as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

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Consolidated Historical and Pro Form Balance Sheets at 30 June 2009 (unaudited)

		Consolidated	Consolidated
			Pro-Forma
	Notes	30 June 2009	30 June 2009
		(Unaudited)	(Unaudited)
		\$000	\$000
Current Assets			
Cash at bank	1	1,124	2,973
Receivables		54	-
		1,178	2,973
Non Current Assets			
Tenement bonds	2	1,649	1,649
Property	3,4	470	470
Plant and equipment	5	2,068	2,068
Mineral development, exploration and evaluation expenditure	6	1,800	1,800
Investments		1,624	-
		7,611	5,987
Total Assets		8,789	8,960
Current Liabilities			
Trade and other payables		4,241	-
Future obligations to the Creditors' Trust	7	-	118
Borrowings - YA Global Investments		11,024	-
Borrowings	8	300	300
		15,565	418
Non Current Liabilities			
Future obligations to the Creditors' Trust	7	-	500
Provisions	9	4,029	4,029
		4,029	4,529
Total Liabilities		19,594	4,947
Net Assets/(Deficiency)		(10,805)	4,013
Equity			
Contributed equity	10	71,552	75,542
Accumulated losses		(84,628)	(73,802)
Share-based payments reserve	11	2,271	2,273
Net Equity/(Deficiency)		(10,805)	4,013

Explanation of the Balance Sheet Movements

The movement from the Consolidated 30 June 2009 Balance Sheet to the Consolidated Pro-Forma 30 June 2009 Balance Sheet comprises the effects of the Syndicate's proposed Recapitalisation of the Company and Texas as summarised in Section 3 above.

Notes to the Balance Sheets

1. The pro forma cash at bank comprises the following transactions:
 - \$4,000,000 raised from the General Offer (assuming 400,000,000 Shares issued at 1 cent each) (assuming no funds raised from the Promoter Offer);
 - less \$410,000 relating to costs of the Offers (refer Section 9.6 below); and
 - less \$500,000 made available to the Creditors Trust of the Company and Texas and a payment of \$117,500 (assuming completion of the Recapitalisation occurs after 19 October 2009) for care and maintenance costs of the Texas Silver Mine incurred after 27 July 2009 and prior to completion.
2. Director's valuation of the tenement bonds at 30 June 2009.
3. Director's valuation of Stanthorpe Road Silver Spur land of \$450,000.
4. Director's valuation of \$20,000 for the 8 residential lots in the County of Clive in the Parish of Silver Spur.
5. Director's valuation of plant and equipment.
6. Directors' valuation of mineral development, exploration and evaluation expenditure relating to all tenements, totalling \$1,800,000.
7. Future obligations to the Creditors' Trust for payment of remaining care and maintenance costs of the Texas Silver Mine incurred after 27 July 2009 and prior to completion of the Recapitalisation, assumed to be \$117,500.
8. Outstanding balance of Loan from National Australia Bank totalling \$300,376 at 30 June 2009, which consisted of home loans for the Stanthorpe and Silver Spur real property and hire purchase/leasing finance arrangements relating to plant and equipment.
9. The value of the mine rehabilitation provision at 31 October 2008 in the books and records of the Company and Texas, immediately prior to the appointment of the Administrator, at \$4,028,973.
10. This represents the value of ordinary shares as at 31 October 2008, being the parent entity's carrying value of ordinary shares, in addition to the following:
 - additional \$150,000 from issue of Shares relating to Promoter Offer (150,000,000 shares at 0.1 cents each);
 - \$4,000,000 raised from the General Offer (assuming 400,000,000 Shares issued at 1 cent each);
 - less \$410,000 relating to costs of the Offers (refer Section 9.6); and

- less \$250,000 relating to the issue of Shares to the Creditors' Trust (25,000,000 Shares at deemed price of 1 cent each).

11. The share-based payments reserve comprises the balance as at 30 June 2008 plus the deemed value of \$1,500 for the Promoters' Options as calculated by a Black & Scholes' option valuation model.

7. RIGHTS AND LIABILITIES ATTACHING TO SHARES AND PROMOTER OPTIONS

7.1 Introduction

The following is a summary of the more significant rights attaching to Shares to be issued under the General Offer.

This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The full details of the Promoter Options are set out below.

7.2 Rights attaching to Shares

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A

determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (i) increase its share capital by the issue of new shares of such amount as is specified in a resolution;
- (ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (iii) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- (iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

(g) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7.3 Terms of Promoter Options

The terms and conditions of the Promoter Options are set out below:

- (a) Each option ("**Promoter Option**") entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company ("**Share**") at an exercise price of 1 cent (the "**Exercise Price**").
- (b) The Promoter Options are exercisable at any time on or before 5.00pm (WST) 30 September 2012 ("**Expiry Date**"). Promoter Options may only be exercised in multiples of 1,000. Any Promoter Options not exercised by the Expiry Date shall lapse.
- (c) Promoter Options may not be exercised if the effect of such exercise and subsequent allotment of the 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.
- (d) Exercise of the Promoter Option is effected by completing a notice of exercise of option and delivering it to the registered office of the Company together with payment of 1 cent per Promoter Option exercised.
- (e) The Promoter Options are freely transferable.
- (f) All Shares issued upon exercise of the Promoter 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 Promoter Options within three days of the issue of the Shares.
- (g) A certificate will not be issued for the Promoter Options and an uncertificated holding statement will be provided.
- (h) There are no participating rights or entitlements inherent in the Promoter Options and holders will not be entitled to participate in new entitlement issues of capital offered to Shareholders during the currency of the Promoter Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 business days after the Issue is announced. This will give the holders of Promoter Options the opportunity to exercise their Promoter Options prior to the date for determining entitlements to participate in any such issue.
- (i) 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 Promoter Options which each holder is entitled or the Exercise Price of the Promoter 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 provision 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 Promoter 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.

- (j) Shares allotted and issued pursuant to the exercise of a Promoter 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 Promoter Options exercised.

8. RISK FACTORS

8.1 General

The Shares and Promoter Options offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the successful commercial exploitation of its business and operations.

Whilst the Directors recommend the Offers, there are numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Securities.

Factors which may affect the Company's financial position, prospects and the price of its securities include the following:

8.2 Assets Development Success

The future profitability of the Company and the value of its securities will be affected by the Company's ability to develop its existing Texas Silver Mine and exploration assets.

Following completion of the Recapitalisation, these assets will be reviewed and evaluated to determine their future viability. There can be no assurance that the assets will be developed into a viable economic business.

There can be no assurance that any exploration tenement, or any other mining tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

8.3 Exploration and Operating Risks

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The operations of the Company may be affected by various factors, including inability to develop the Company's assets into an economical business; failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in exploration and mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

8.4 Compliance Risk

Title to a mining tenement may be subject to the holder complying with the terms and conditions of the tenement, including any minimum annual

expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each tenement, it may lose its interest in the mining tenement.

8.5 Landowner Risk

The Company may be required to pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. The Company's ability to resolve compensation issues and compensation costs involved will have an impact on the future success and financial performance of the Company's mining operations. If the Company is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of the Company.

8.6 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

8.7 Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8.8 Environmental Risks

The mining tenement operations and proposed activities of the Company are subject to Australian laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or re-commencement of mining proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company may also become liable for environmental damage caused by previous owners of any tenements the Company acquires. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate funds available for acquisitions, exploration and development or cause the Company to suffer losses.

8.9 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, and scale back its exploration programmes, as the case may be.

8.10 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

8.11 Competition

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

8.12 General Securities Risk Factors

Share Market

There are general risks associated with any investment and the share market. The price of Shares listed on the ASX may rise and fall depending on a range of actions beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

Liquidity Risk

There is no guarantee that there will be an ongoing liquid market for Shares. Accordingly, there is a risk that, should the market for Shares become illiquid, Shareholders will be unable to realise their investment in the Company.

Government Policy Changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may adversely affect the Company's financial performance and industry profitability.

At present the Company is not aware of any reviews or changes that would affect the business of the Company. However, changes in community attitudes on matters such as taxation, and competition policy may bring about reviews and possibly changes in government policies. There is risk that such changes may affect the Company's business plans. Any government action may also require increased capital or operating expenditure and could impact the Company's business.

Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

Dividend Policy

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

8.13 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

9. ADDITIONAL INFORMATION

9.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half year financial report lodged with the ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

Date	Description of Announcement
15/09/2009	Resignation of Directors
11/09/2009	Updated Notice of Meeting and Explanatory Statement.
01/09/2009	Dispatch of Notice of Meeting and Explanatory Statement
27/08/2009	Appointment of Nominee Directors
19/08/2009	Resignation of Director – Appendix 3Z
18/08/2009	Deed Administrator's Update to Shareholders
31/07/2009	Deed Administrator's Update to Shareholders
23/04/2009	FNT: Major Share Overhang Sold
19/03/2009	Deed Administrator's Third Update to Shareholders
12/12/2008	Administrator's Second Update to Shareholders
11/12/2008	Company Secretary Resignation
19/11/2008	Results of Meeting
11/11/2008	Administrators Update to Shareholders
07/11/2008	Resignation of Non Executive Directors
03/11/2008	Shareholders Meeting and Administrators Contact Details
03/11/2008	Appointment of Voluntary Administrators
03/11/2008	Suspension from official quotation
03/11/2008	Trading halt
31/10/2008	Quarterly Activities and Cashflow Reports Sept 2008
23/10/2008	Twin Hills Production Forecasts
22/10/2008	Zinc/ Lead/ Silver Mineralisation Extended at Silver Spur
17/10/2008	Notice of Annual General Meeting/ Proxy Form
07/10/2008	Appendix 3B
03/10/2008	Letter to Shareholders
01/10/2008	Expiry 30 October 2008 Options MMNO
29/09/2008	Twin Hills Silver Mine Upgrade

29/09/2008	Allotment – Entitlement Issue
29/09/2008	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal hours.

9.2 Disclosure of Interests / Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) director or proposed director of the Company;
- (b) 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;
- (c) promoter of the Company; or
- (d) broker or underwriter in relation to the Offer,

has, or had within 2 years before the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; or
- (iii) the issue of Securities under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a director or expert of the Company or otherwise for services rendered by him in connection with the formation or promotion of the Company or the issue of Securities under this Prospectus.

9.3 Disclosure of Interests

None of the Directors' have interests in Shares or Options either held directly, held by entities controlled by them or held by entities of which they are directors as at the date of this Prospectus.

Following completion of the Recapitalisation, the Directors (or their nominees) will have the following interests in Shares and Options in the Company:

Proposed Director	Shares (0.1 cent each)	Shares (1 cent each)	Promoter Options
Charles Morgan	-	3,000,000	-
Andrew King	35,000,000	-	35,000,000
Richard Harris	35,000,000	-	35,000,000

9.4 Fees and Benefits

The Constitution of the Company provides that the Non-Executive Directors may be paid for their services as Non-Executive Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, where notice of the amount of the suggested increase and the maximum sum that may be paid shall have been given to shareholders in the notice convening the meeting.

No remuneration or other emoluments have been paid to any of the Directors over the past 12 months.

It is proposed that the Non-Executive Director, Mr Charles Morgan, once appointed, will be paid fees of \$5,000 per month after completion of the Recapitalisation.

It is proposed that the new Executive Directors, Messrs King and Harris, once appointed, will be paid fees of \$15,000 each per month after completion of the Recapitalisation.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$30,000 for services provided in relation to this Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates.

9.5 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Bryan Hughes has consented to being named as the Deed Administrator of the Company in this Prospectus and has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

The Directors have consented to being named as Directors in this Prospectus and have not withdrawn their consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as solicitors to the Company and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Cygnnet Capital Pty Ltd has given its written consent to being named as the Company's Corporate Advisor and Lead Manager to the General Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section 9.5 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

9.6 Estimated Expenses of Offer

The estimated expenses of the Offer are as follows (assuming full subscription under the Offers):

Item	\$
ASIC Fees	2,100
ASX Fees	11,900
Broker Commissions (6%)	240,000
Legal Fees	30,000
Share Registry Fees	15,000
Consultancy Reports	80,000
Other Expenses	26,000
Marketing and Distribution Expenses	5,000
Total	\$410,000

9.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The Company's securities have been suspended from trading on ASX since 3 November 2008. As such, there is not any relevant recent sales data that can be disclosed.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.044 on 3 November 2008.

9.8 Cygnet Mandate

Under the terms of a capital raising mandate dated 15 September 2009, Macmin has appointed Cygnet Capital Pty Ltd (**Cygnet**) as:

- (a) lead manager to raise funds under the General Offer, on a best endeavours basis, in return for a capital raising fee of 6% of funds raised (being \$240,000 plus GST if \$4,000,000 is raised by Cygnet); and
- (b) corporate advisor to Macmin for 12 months at a cost of \$4500 per month (plus GST). Either party may terminate this retainer with 3 months notice.

9.9 Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.10 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10. CONSENT TO LODGE

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

Andrew King
Proposed Managing Director
For and on behalf of
MACMIN SILVER LTD

11. DEFINITIONS

Applicant means an investor that applies for Securities using an Application Form pursuant to this Prospectus.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

Business Day means a day on which trading takes place on the stock market of ASX.

Cleansing Offer means the offer of 500 Shares in the capital of the Company at an issue price of 1 cent per Share to raise up to \$5.00 under this Prospectus.

Closing Date means the closing date for receipt of Application Forms under this Prospectus for the General Offer, the Promoter Offer or the Cleansing Offer, as the context requires, as set out in Section 5.4 of this Prospectus.

Company or **Macmin** means Macmin Silver Ltd (subject to Deed of Company Arrangement) (ABN 53 056 776 160).

Consolidation means a consolidation of the Company's issued securities on a twenty (20) for one (1) basis proposed to occur as part of the Recapitalisation.

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Creditors' Trust means the creditors' trust established for the Company and Texas by the Deed Administrator in accordance with the DOCAs.

Creditors' Trustee means Macmin Corporation Pty Ltd (ACN 137 826 405).

Deed Administrator means Bryan Hughes of Pitcher Partners, Perth, Western Australia as administrator of the DOCAs.

Deeds of Company Arrangement means the deeds of company arrangement entered into by the Company, the Deed Administrator and the Creditors' Trustee in relation to the Company, and between Texas, the Deed Administrator and the Creditors' Trustee (as the context requires) under which the proposal put forward by the Syndicate will be implemented.

Directors means Mr Charles Morgan, Mr Andrew King and Mr Richard Harris.

Dollar or "\$" means Australian dollars.

Equipment Leases means the equipment leases in relation to:

- (a) Cedarapids MVP280 cone crusher unit (Account number 599767469);
- (b) Auspactor VS300RR Dual Drive (Account number 791275528);
- (c) TSH 6203-92 Screens (Account number 791378797); and

(d) 2006 Toyota Hilux Reo: 561-JJH (Account number 791393110).

Excluded Assets means the following assets owned by Texas or the Company:

- (a) the shares held by the Company in New Guinea Gold Corporation Limited, Frontier Resources Limited ACN 095 684 389 and Malachite Resources Limited ACN 075 613 268;
- (b) the royalty owed under an agreement between the Company, New Guinea Gold Corporation Limited and Macmin (PNG) Limited ABN 16 075 784 280 dated 12 June 2002;
- (c) the allowable research and development tax offset refunds for 2006, 2007 and 2008 income tax years to the extent assignable;
- (d) with respect to Texas and the Company, all cash held prior to or at completion of the Recapitalisation (excluding any cash held as backing for environmental bonds in relation to the tenements) but, in the case of the Company, excluding cash raised under the General Offer or the Promoter Offer;
- (e) all outstanding accounts receivable of the Company and Texas at completion of the Recapitalisation;
- (f) all choses in action of the Company and Texas at completion of the Recapitalisation; and
- (g) any silver powder held on the Texas Silver Mine site as well as any silver powder or silver bullion held with Siltech Pty Ltd ACN 091 337 521 or CMA Recycling Pty Ltd ACN 107 209 503 or in transit at the time of completion of the Recapitalisation.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

General Offer means the offer of up to 400,000,000 fully paid ordinary shares in the capital of the Company at a price of 1 cent per Share to raise up to \$4,000,000 under this Prospectus.

Gross Revenue means the gross proceeds actually received by Texas, in Australian dollars, or in Australian Dollar Equivalent, from the sale or other disposal of silver produced from ML50161, including the proceeds received from an insurer in the case of loss of, or damage to, silver (net of any excess paid in respect of that loss).

Joint Venture Agreement means the joint venture agreement between the Company and Malachite Resources NL ACN 075 613 268 dated 10 December 2004.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Offers means the General Offer, the Promoter Offer and the Cleansing Offer referred to Section 5 of this Prospectus.

Opening Date means the opening date for receipt of Application Forms for all Offers under this Prospectus as set out in Section 5.4.

Option means an option to acquire a Share.

Promoter Offer means the offer of up to 150,000,000 Shares at an issue price of 0.1 cents per Share to the Syndicate (or their nominees) (together with the issue of one free Promoter Option for each Share issued) to raise \$150,000 or, at the Syndicate's election, to be set off the Syndicates' reasonable costs incurred under the Recapitalisation.

Promoter Option means an Option on the terms set out in Section 7.3 of this Prospectus.

Prospectus means this Prospectus.

Recapitalisation means the recapitalisation of the Company by the Syndicate under the Recapitalisation Deed.

Recapitalisation Deed means the recapitalisation deed between the Company, Texas, the Deed Administrator, the Syndicate, Macmin Corporation Pty Ltd and YA Global Investments LP dated 27 July 2009.

Securities means Shares and/or Promoter Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company and where the context permits means the Shares the subject of the Offer.

Shareholder means a holder of a Share.

Syndicate means Cygnet Capital Pty Ltd (ACN 103 488 606) and Alcyone Mining Limited (ACN 135 177 918).

Texas means Texas Pty Ltd (subject to Deed of Company Arrangement) (ACN 000 035 067), of which the Company is the parent company.

Texas Silver Mine means the mining operation conducted at the Twin Hills' project on mining tenement ML50161.

WST means Western Standard Time.

SCHEDULE 1 – OUTSTANDING CONDITIONS TO RECAPITALISATION DEED

Condition precedent
The Macmin Shareholders approve the resolutions contained in the Notice of Meeting for the general meeting scheduled for 1 October 2009.
Consolidation of all of the existing Shares on a one (1) for twenty (20) basis together with the amendment of the exercise price of all of the existing Options of the Company in accordance with ASX Listing Rule 7.22.1.
The Company receives valid applications under the Prospectus together with cleared funds for a minimum of \$3,500,000.
ASX confirms in writing that it will lift the suspension on the trading of the Shares immediately following Completion on terms satisfactory to the Syndicate and the Deed Administrator, acting reasonably, without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.
The Companies obtain all material consents and any third party agreements necessary to undertake the Recapitalisation (and the parties and relevant third parties execute any necessary deeds of assignment and assumption required under those agreements).
All requisite consents, authorisations, approvals and licences that may be required by the Deed Administrator to undertake the Recapitalisation are obtained.
The Syndicate being satisfied (acting reasonably), as at the date the last of the other conditions precedent are satisfied or waived, that: <ul style="list-style-type: none">* the Company and Texas and Deed Administrator have not breached any obligations under clauses 4, 5 and 6 of the Recapitalisation Deed (which relate to the conduct of business prior to completion and the carrying out of the Prospectus Offers);* the items listed in the plant and equipment register in the Recapitalisation Deed of a material value remain in place; and* the assets of the Company and Texas are not subject to any material encumbrance (or will not be subject to any encumbrance on completion) save for the royalties to the Creditor's Trust and YA Global, the mortgage against the real property underlying the Texas Silver Mine securing YA Global's royalty, and any encumbrance required by the Joint Venture Agreements or the Equipment Leases or otherwise approved in writing by the Syndicate (acting reasonably).

SCHEDULE 2 - TENEMENT SCHEDULE

Project	Tenement Number	Holder	Company Ownership %
Tally Ho	ML 4727	Macmin Silver Limited	100%
Tally Ho	ML 4770	Macmin Silver Limited	100%
Tally Ho	EPM 15168	Macmin Silver Limited	100%*
Tally Ho	EPM 15775	Macmin Silver Limited	100%*
Tally Ho	MDL 272	Macmin Silver Limited	100%
Mt Scott	EPM 15854	Macmin Silver Limited	100%**
Rivertree	EL 5714	Malachite Resources NL	75%
Twin Hills	ML 50161	Texas Silver Mines Pty Ltd	100%
Silver Spur	ML 5932	Texas Silver Mines Pty Ltd	100%
Mt Gunyan	EPM 8854	Texas Silver Mines Pty Ltd	100%**
Texas	EPM 11455	Texas Silver Mines Pty Ltd	100%*
Texas	EPM 12858	Texas Silver Mines Pty Ltd	100%**
Texas	EPM 14092	Texas Silver Mines Pty Ltd	100%**

* Renewal application due

** Renewal application lodged, pending renewal approval.