

MACMIN SILVER LTD

AUDIT COMMITTEE CHARTER

Membership

- All members will be members of the Board of Directors or qualified consultants.
- A quorum will be two.
- The Chairman of the Committee shall be an Independent Director who is not Chairman of the Board.
- The Chief Executive Officer may be invited to attend Committee meetings.
- Members of the Committee shall be appointed for an initial three year term of office after which their appointment may be subject to annual rotation.

Secretarial and Meetings

The Company Secretary shall be appointed secretary of the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee and the external auditors.

The Chairman will call a meeting of the Audit Committee if so requested by any Committee member, the Finance Committee or external auditors.

The Financial Controller and the external auditors should be given notice of all meetings and have the right to attend and speak.

Meetings shall be held at least twice a year.

Responsibilities

The Audit Committee shall consider any matters relating to the financial affairs of the Company and its controlled entities and to internal and external audit that it considers necessary. In addition, the Audit Committee shall examine any other matters referred to it by the Board.

The duties of the Audit Committee are as follows:

- reviewing financial statements and other financial information distributed externally;
- monitoring corporate risk assessment and the internal controls instituted;
- monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
- reviewing the nomination and performance of the external auditors;

- liaising with the external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- monitoring the procedures in place to ensure that the entity is in compliance with the Corporations Act 2001, Australian Securities Exchange Listing Rules and other legislative and reporting requirements;
- reviewing reports on any major defalcations, frauds and thefts from the entity and monitoring procedures to prevent fraud;
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities;
- initiating and supervising special investigations;
- reviewing risk management practices, including the entity's use of derivatives;
- reviewing policies on sensitive issues or practices such as environmental issues;
- reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the corporation and members of management;
- reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements;
- reviewing reports on certain aspects of the entity's superannuation plan and compliance with relevant laws and regulations;
- reviewing significant transactions which are not a normal part of the entity's business; and reviewing reports on the adequacy of insurance coverage.

The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Company or its controlled entities and such officers or employees shall be instructed by the Board of the Company employing them to respond to such enquiries. The Audit Committee is authorised to take such independent professional advice as it considers necessary.

The Chairman of the Audit Committee shall report the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of all Committee meetings shall be circulated to members of the Board.

The Audit Committee shall have no executive powers with regard to its findings and recommendations.

** Amended as per Board minute 14/2/97 and **approved** Board minute 2/6/97

** Amended as per Circulating minute 8/9/99

** Approved at Board Meeting held on 08/04/2008

** Approved as per Circulating minute 23/7/08