

MACMIN SILVER LIMITED

BOARD CHARTER

1. OVERVIEW

The Board of Directors is accountable to shareholders for the performance of Macmin Silver Limited.

In carrying out its responsibilities, the Board undertakes to serve the interests of shareholders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

2. ROLE OF THE BOARD

The Board's responsibilities encompass the following:

1. set the strategic direction of the Group and monitor Management's implementation of that strategy;
2. select and appoint (and, if appropriate, remove from office) the Chief Executive Officer, determine his/her conditions of service and monitor his/her performance against established objectives;
3. ratify the appointment (and, if appropriate, the removal from office) of the Chief Financial Officer and Company Secretary;
4. approve conditions of service and performance monitoring procedures to apply to senior management;
5. monitor financial outcomes and the integrity of reporting; in particular approve annual budgets and longer-term strategic and business plans;
6. set specific limits of authority for Management to commit to new expenditure, enter contracts or acquire businesses without prior Board approval;
7. ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
8. monitor compliance with regulatory requirements (including continuous disclosure) and ethical standards;
9. review, on a regular basis, senior management succession planning and development; and
10. effective and timely reporting to Shareholders.

The Board delegates to the Chief Executive Officer responsibility for implementing the strategic direction, and for managing the day-to-day operations, of the Group. The Chief Executive Officer consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

3. BOARD SIZE AND COMPOSITION

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution. The Constitution provides for a minimum of three Directors and a maximum of nine. Given the Company's background, nature and size of its business and the current stage of its development, the Board is comprised of five directors, three of whom are non-executive. The Board believes that this is both appropriate and acceptable at this stage for the Company's development.

The Chairperson, Mr. R.D. McNeil is not independent, as set out above, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

The positions of Chairman and Managing Director are held by separate persons.

Succession planning for the Board is reviewed regularly by the full Board. In considering potential new Directors to commend to shareholders, the Board seeks to identify candidates with appropriate skills and experience to contribute to effective direction of the Company, who can exercise an independent and informed judgement on matters which come to the Board, and who are free of any business or other relationship that may interfere materially with the exercise of that independent judgement.

The Chairman and Deputy Chairman, if applicable, are elected by the full Board.

4. ROLE OF CHAIRMAN

The Chairman presides over Board and General Meetings of the Company. He/she has the task of making sure the Board is well informed and effective; that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company.

The Chairman is responsible for ensuring that the meetings are conducted competently and ethically and is expected to provide effective leadership in formulating the strategic direction for the Group.

He/she must ensure that General meetings, too, are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

Among the Chairman's other responsibilities are:

1. To see that new Board members are well briefed and have access to information on all aspects of the Company's operations;
2. To be the Board's representative in dealings with Management ensuring that its views are communicated clearly and accurately;
3. To act as the primary counsellor to the Chief Executive Officer; and
4. To represent the views of the Board to the public, governments etc on appropriate occasions.

5. BOARD MEETINGS

The Board meets formally at least 4 times a year (in addition to General Meetings of shareholders) and whenever necessary to deal with urgent matters which might arise between scheduled meetings.

Senior members of Management may be requested to attend Board meetings to present reports on, or seek approvals within, their areas of responsibility; the Chief Financial Officer attends all scheduled meetings except where matters pertaining to the CEO's performance and/or remuneration or senior executive performance and/or remuneration are being discussed. In certain circumstances, Board members may (a) request that aspects of a meeting be held 'in camera' and non directors will be requested to leave the meeting or (b) agree to hold a separate meeting involving directors only or non

executive directors only. Non executive directors may meet without the managing director when discussing matters pertaining to his performance, salary review, CEO succession planning or other personal matters.

6. BOARD COMMITTEES

To assist it in carrying out its responsibilities, the Board has established an Audit Committee.

The Audit Committee consists of one Executive Director, one Non-Executive Director and the Company Secretary. The Chairman is independent (Mr Garry Lowder). The Board considers this to be acceptable due to the size of both the Company and the Board.

The Audit Committee meets at least twice a year with the Company's External Auditor required to be in attendance.