



# MACMIN SILVER LTD

## REMUNERATION POLICY

The Board must review the remuneration and policies applicable to all Directors on an annual basis. When reviewing Directors' fees, the Board takes into account any changes in the size and scope of the Company's activities. Remuneration levels are set according to the Company's position and must be competitive enough to attract the most qualified and experienced Directors and senior executives. Where necessary, the Board will obtain independent advice on the appropriateness of remuneration packages.

The Board must ensure that the structure of Non-Executive Directors' remuneration is distinguished from that of Executive Directors and senior executives. Executive Directors receive a salary and may receive other benefits. Non-Executive Directors receive a set fee per annum, plus statutory superannuation entitlements. Both are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

On the question of Non-Executive Directors receiving options or bonus payments (*ASX Corporate Governance Recommendation 9.3*) the Board is of the view that all Directors have the potential to influence strategic direction and achievements of the Company for the benefit of shareholders and believe that the granting of options to Non-Executives may be an appropriate method to potentially supplement Non-Executive Directors' cash remuneration, which is kept relatively low (currently \$20,000 p.a.) and provide incentive without further use of cash while the Company is reliant upon shareholder funds to operate.

Macmin Silver Ltd prohibits Directors and senior management from entering into transactions which limit the economic risk of participating in unvested entitlements. This prohibition includes hedging of unvested options or any other activity which may negate the incentive such options provide.

The Remuneration Committee oversees remuneration in accordance with the Remuneration Committee Charter.

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R.D. McNeil  
Chief Executive Officer

23 July 2008