

30 April 2008

ASX Code: MHM

Quarterly Report – Activities for the Quarter ended March 31 2008

Highlights

- **Gladstone Gold Project: Initial drilling program complete**
- **Musselroe Tin Project: Tin plant near completion, approvals process under way**
- **West Coast Tasmania: Ground and air reconnaissance conducted, exploration efforts increasing**
- **Entitlement Options Issue, strong demand from Shareholders**

Gladstone Gold Project Update

Extensive work was carried out on the Gladstone Gold Project during the first quarter of 2008. Following review of historic literature and a period of field mapping, four historic prospects were chosen as early drill targets based on their potential to yield low-grade open pit resource, combined with their accessibility and pro-development attitude of the property owner. The targets are shown below as Portland, Grand Flaneur, Bluebell/Prince Imperial and Big Musselroe/Butlers.

Between 22 Feb and 10 April, a total of 48 holes were drilled over the prospects with an RC rig, for a total of 1965 metres. Quartz and visible sulphides in varying proportions were intersected in the majority of holes.

A series of costeanes were also excavated over the area using a 20 tonne excavator to gain an insight into the structural setting of the gold mineralisation.

Rock chip samples from all drill holes have been sent to ALS Laboratories in Adelaide and assay results are pending. Each sample was analysed using a NITON hand-held XRF analyzer to allow for correlation of rock geochemistry with gold mineralisation when assay results are known.

Future recommendations hinge largely on the assay results that have not yet been received, however it seems likely that further work will be necessary to define the extent of the mineralisation in the area.



Further drilling, together with a detailed ground magnetic survey of the area would most likely be the approach taken for further development of the Company's exploration efforts in the area.

Musselroe Tin Project Update

As detailed in the previous quarter's activities update, the Company plans a bulk-sampling program to commence in second quarter of 2008, using a mobile gravity tin processing plant. Construction of the 5 tph plant is close to completion, and delivery is expected in early May. The approvals process for the program is currently underway, and it is anticipated that the bulk-sampling program will commence at the end of Q2 2008.

The 100% owned exploration area in the north east of Tasmania contains 13 alluvial tin deposits over an area of 75 km². Reported grades from historical workings have been as high as 11.6 kg/m³ and little production has been carried out beyond rudimentary "sluicing" operations in the earlier part of the 20th Century. Part of the early exploration efforts of the Company will involve reassessing significant tailings dumps within the project area, as it is believed the potential exists for reprocessing and economic recovery from the stockpiles. With the tin price currently approximately US\$24,000, it is anticipated that the returns from the alluvial tin will provide the opportunity for short-term cashflow to offset the Company's exploration efforts on the West Coast of Tasmania.

West Coast Tasmania: Ground reconnaissance conducted, exploration efforts increasing

The Company's West Coast tenements comprise an area of approximately 1200km², with known mineralisation including iron ore, copper, gold, nickel, high-grade silica and PGM's. The recent appointment of the Company's Chief Geologist with direct experience on the West Coast of Tasmania has boosted the Company's regional exploration efforts.

Recently an investigative visit was made to the exploration area with the objectives of completing aerial and ground reconnaissance of the Company's tenements to the south of Macquarie Harbour. Areas of particular interest included the Cape Sorell high purity silica quartzite occurrence, the Birthday Bay copper mineralisation and nearby iron ore lenses, the Thomas Creek porphyry copper-gold prospect and the Hibbs ultramafic belt.

Also of consideration was investigation of ground vegetation cover and overburden, existing track conditions and site access to help facilitate specific exploration prioritization and planning, and to determine the need for access, infrastructure, support and exploration strategy.

Following the recent reconnaissance, exploration priorities in the region are deemed to be:

1. **High Purity Silica Quartzite:** Four areas of high purity quartzite lie towards the northern tip of Cape Sorell, with excellent proximity to Strahan. Comalco held the area in the 1970's, and published reports together with ongoing investigation by MHM suggest a commercial interest in the silica, particularly the higher-grade sections. Further drilling will be required during the summer field season in order to determine a JORC-compliant resource. Critical to the economic viability of this project will be suitable off-take agreements as silica is not a readily tradeable commodity and dependent upon individual contracts, and the suggested values should be viewed as indicative only.
2. **Birthday Bay Iron Ore Lenses:** During the 1960's, BHP identified a series of iron ore (hematite-magnetite) lenses located inland from Birthday Bay. Published geological maps suggest that several more of these of these lenses exist further to the north. Extensive regrowth and thick scrub prevented access to the outcrop on the recent visit, however further investigation and a field program of mapping, sampling and NITON analysis will be conducted during the upcoming October-April field season.
3. **Thomas Creek Copper-Gold Mineralisation:** The Thomas Creek prospect offers potential for large tonnage, low-grade porphyry copper-gold style mineralisation, and has been compared to the basal portion of the Mount Lyell deposit to the north. For MHM, Thomas Creek is seen as high priority for medium to long term focused exploration. Ground cover is very thick and little headway could be made during the recent trip once on the ground. Detailed re-interpretation of existing geophysics will be a priority for the Company, followed by a diamond drilling program that could potentially be completed by the end of the upcoming field season.

Entitlement Option Issue, strong demand from Shareholders

The Company commenced an Entitlement Option Issue during the latter part of the quarter, whereby all eligible MHM Shareholders were entitled to participate in a non-renounceable issue of Options on the basis of 1 Option for every 2 Shares held. The Options were offered at a price of \$0.01 each, with an exercise price of \$0.20 and an expiry date of 31 August 2012. The option issue has since closed in mid-April, and the Offer saw strong demand from Shareholders.

Approximately 76% of Options offered were taken up by Shareholders, and the balance placed by the issue Underwriters. The Option issue raised \$274,979 less costs, and will be applied towards the Company's ongoing working capital. The options have since begun trading under the ASX code MHMO.

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macquarieharbour mining

Macquarie Harbour Mining at a Glance

Directors**Basil A Conti, Non-Executive Chairman**

A CPA with over 35 years experience in corporate governance and management.

Frank A Rogers, Managing Director

With forty years experience involving exploration, mining, process development and public company management.

Benjamin W Mead, Finance Director

Diverse business consulting experience including international banking and executive management of entities with interests in the aluminium industry.

Dr. Neil Allen, Non-Executive Director

A mineral physicist with extensive exploration and mineral dressing experience in Tasmania.

Peter L A Robertson, Non-Executive Director

A metallurgist with extensive experience in process development and engineering.

Company Secretary

Jade A D'Andrilli CPA

Number of Shareholders at 31 March 2008:
MHM has 532 Shareholders.

Major Shareholders at 30 January 2008:

Shareholder	%
Rogers Southern PL	23.6
HHH Group PL	5.6
Directors	28.5
Top twenty	55.3

ASX Listing Code

The Company's ASX Listing Code for Shares is MHM, and for Options is MHMO.

Issued Capital

At 30 April 2008, Macquarie Harbour Mining's issued capital was 54,995,760 ordinary shares, 27,497,885 listed and 2,380,750 unlisted options exercisable at \$0.20 by 31 August 2012.

Cash Balance

As at 31 March 2008, Macquarie Harbour Mining's cash balance was approximately \$4.36 million.

Shareholder Enquiries

Matters relating to shares held and change of address should be addressed to the share registry:

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To receive MHM's announcements by email, please send a request to info@mhml.com.au.

Website

Please visit MHM's website for the latest announcements and news:

www.mhml.com.au

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