macquarieharbour
mining

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29 July 2008

ASX Code: MHM

Quarterly Report – Activities for the Quarter ended June 30 2008

Highlights

- **Gladstone Gold Project: First phase drilling results received, exploration continuing**
- **Musselroe Tin Project: Tin plant complete, exploration under way**
- **New gold project area, alluvial potential**
- **West Coast Tasmania: Ground and air reconnaissance conducted, iron ore surface sampling**
- **Sorell Silica Project update**
- **Entitlement Options Issue finalised**

Gladstone Gold Project Update

Macquarie Harbour Mining Limited (ASX: MHM) has completed the first stage of its North Eastern Tasmanian drilling program for gold in the Mathinna sedimentary rock sequence.

Full assay results have now been received following the recent completion of an 1865 metre reverse circulation (RC) drilling programme. The drilling was planned to test the potential for bulk mineable open cut resources beneath and along strike from recorded high grade mineralisation in narrow quartz reefs within the Mathinna Beds, a well known host for gold deposits in NE Tasmania.

Although visible sulphide mineralisation (mainly pyrite and arsenopyrite) was noted in a majority of the holes the gold results were generally of a low tenor. The highest value was 17.7 g/t Au from 27-28 m downhole at the Grand Flaneur prospect, while 2 km to the south at Bluebell – Prince Imperial two successive one metre intervals from 46 – 47 m and 47 - 48 m in the same hole assayed 11.3 g/t Au and 3.73 g/t Au respectively.

Whilst the initial drilling programme suggested the potential for high-grade, narrow vein gold mineralisation, the Company is primarily targeting ore that could facilitate bulk, open-pit style processing to deliver cash flow in the short-term. The Company's North Eastern projects have been chosen for their potential to provide relatively quick cash flow to offset exploration efforts of the "company making" targets of Tasmania's West Coast.

As part of the overall plan for the region exploration is currently being directed towards the old mines close to the Gladstone township itself, particularly the Royal Tasman Reef which was the biggest single gold producer in the district at an average grade of 17.3 g/t Au. The Company believes the prospects in the area immediately around the township have the greatest prospectivity for income generating gold and tin targets, particularly a zone of tin greisen previously subjected to limited production with indications of bulk mining potential.

Musselroe Tin Project Update

The proximity of the gold and tin projects in this area is advantageous for the ongoing field programme, which is initially aimed at geological mapping, ground geophysics and sampling and is currently ongoing. Bulk sampling of the alluvial tin targets is being delayed due to the requirements of the approval process, and the Company's initial focus on the higher grade greisen material. Bulk sampling will commence once an ore zone is defined by the current exploration programme, and follow up drilling is planned for later in the year.

New Gold Project Area

MHM was successful in tendering for a new Exploration Licence at Mangana, in the southern part of the NE Tasmania gold province and the locality where payable gold was first discovered in the State. This follows the company's strategy of exploring for unmined extensions of historic deposits and pursuing new targets including alluvial concentrations.

The area has an historic gold production of 6,700 oz at a recovered grade of 25.8 g/t with 15,000 oz of nearby alluvial gold produced.

Previous exploration of the old workings saw limited shallow reverse circulation (RC) drilling that was an inadequate test of workings 600m in length. The prospect area is some six kilometres long by two kilometres wide and encompasses a NNW-trending corridor of numerous high-grade (20 to 127 g/t gold) sheeted sulphidic quartz veins as well as wide (50m+) zones of brecciated and quartz vein stockworks in arenitic sediments.

Geophysical and structural interpretation by previous explorers also indicates evidence of a large, 2,000m by 800m proximal alteration system that merits follow-up exploration.

West Coast Tasmania: Ground and air reconnaissance conducted, iron ore surface sampling

A reconnaissance program was conducted in June to examine the Company's iron ore, porphyry copper-gold and ultramafic nickel projects on the West Coast of Tasmania. Aerial and ground analysis was conducted, focusing on geological mapping, sampling and NITON analysis. Select surface samples were taken from the Birthday Bay Iron Ore Project area, and assay results are anticipated in the coming month.

The recent reconnaissance was conducted with a view to facilitating project planning and statutory approvals for the upcoming October to April summer field season. The company is currently in the process of finalising a drilling contractor for the programme.

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. Detailed re-interpretation of existing geophysics is currently underway by Mitre Geophysics and provision for undertaking further more detailed surveys using effective techniques will be made pending this review. Follow-up diamond drilling of any identified anomalies is planned to begin during the coming field season following drilling of the iron ore lenses. A recent reconnaissance of the Thomas Creek area has assisted with logistical preparations for camp placement and suitable drill locations.

An approximate 25km long band of ultra-mafic rocks runs from Bryans Bay in Macquarie Harbour to Hibbs Bay on the west coast this region includes several areas for potential nickel mineralisation. Occurrences of pentlandite have been recorded in the area, which is the nickel sulphide making up the majority of Zinifex's Avebury Mines ore, further to the north. The Hibbs Belt represents another longer-term target for MHM's exploration strategy. Recent drill intercepts west of Avebury have also shown anomalous nickel values more distal from the granites which are thought to control mineralisation there. This revelation increases the prospectivity of the Hibbs area. Following the recent helicopter reconnaissance of the project area, regional and more detailed geophysical surveys are planned with follow-up work including ground truthing, mapping, sampling, and drilling.

Sorell Silica Project Update

Continuing analysis and financial modeling is been conducted concerning four areas of high purity quartzite that lie towards the northern tip of Cape Sorell, on the West Coast of Tasmania.

Entitlement Option Issue Concluded

The Company concluded an Entitlement Option Issue during the recent 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.

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.

For further information please contact:

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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 and geothermal industries.

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 30 June 2008:
MHM has 514 Shareholders.

Major Shareholders at 30 June 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 June 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 30 June 2008, Macquarie Harbour Mining cash balance was approximately $3.85 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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