
Quarterly Activities Report

ASX Release – 31 July 2009



ABN 41 124 212 175

Highlights

Silica Project Update, Tasmania

- Option to acquire additional silica exploration area previously mined to produce silicon metal
- New exploration area under application with significant silica potential
- Silica samples sent for trial silicon production by interested offtake parties
- Offtake negotiations progressing

Aluminium Project Update, Victoria

- Continued negotiation of conditional pricing

Overview

Macquarie Harbour Mining Limited ("MHM" or "the Company") is pleased to announce continued development with respect to the Company's two primary projects; negotiation of offtake of high-purity lump silica from the Company's Tasmanian project areas, and continued negotiation of conditional pricing for the acquisition of an aluminium recovery facility and associated technology located in Victoria.

Silica Project Update

The Company continues to entertain interest from two parties seeking high-purity quartzite silica for silicon metal production, whilst concurrently securing additional sites that show significant potential as feedstock for silicon metal production.

Silicon metal is a commodity that has experienced significant growth of demand in recent years due to its high-tech and renewable energy applications. Silicon metal is the primary ingredient for the production of computer circuitry (semiconductors) and the production of photovoltaic cells (solar panels), among a vast number of other uses.

Maydena Project Area – Option to acquire

Located in southern central Tasmania, the Maydena Silica Project provides an exceptional opportunity to capitalise on a previously mined area of hard rock silica. The silica mineralisation extends some 1.5 kilometres, though no JORC-compliant estimates of tonnage exist at this time.

The silica was previously supplied as a feedstock to the Pioneer Silicon Smelter that was located in southern Tasmania. The silica was also previously supplied to BHP's Ferro-Manganese Smelter ("TEMCO") located in northern Tasmania.

Corporate Detail

ASX Codes:
MHM, MHMO

Issued Capital:
55.0M Ordinary Shares
27.5M Listed Options

Substantial Shareholders:
Rogers Southern PL 23.6%
HHH Group PL 5.6%
Directors 28.5%
Top Twenty 55.3%

Directors

Chairman
Basil Conti FCA, FCIS,
FTIA

Managing Director
Frank Rogers

Executive Director
Ben Mead B.Econ

Non-Executive Director
Philip Lucas B Juris LLB

Non-Executive Director
P Robertson B.E.(Met),
MBA

Non-Executive Director
Dr Neil Allen B.Sc, PhD

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The project area is located close to well developed infrastructure, including rail, sealed roads, power and water. The project area lies outside the township of Maydena, which has a population of approximately 250 people and is 80 kilometres from Hobart.

The option has been entered to acquire the project area from a privately-held company, under which MHM will pay \$5,000 per month during the assessment period, which will include ground-based exploration and drilling. The Company believes it will be in a position to finalise a decision concerning the exercise of the option by the end of 2009. Upon exercise, the Company will pay the existing owner a 2% production royalty or a minimum of \$60,000 per annum.

Exploration License Application – Marrawah Project Area

The Company has recently applied for an Exploration Licence near Marrawah in North Western Tasmania. This area of Proterozoic quartzite has been explored previously for high grade silica and is considered to hold good potential for deposits of economic size and purity. The project area is also proximal to excellent road and port infrastructure, as illustrated diagrammatically below.

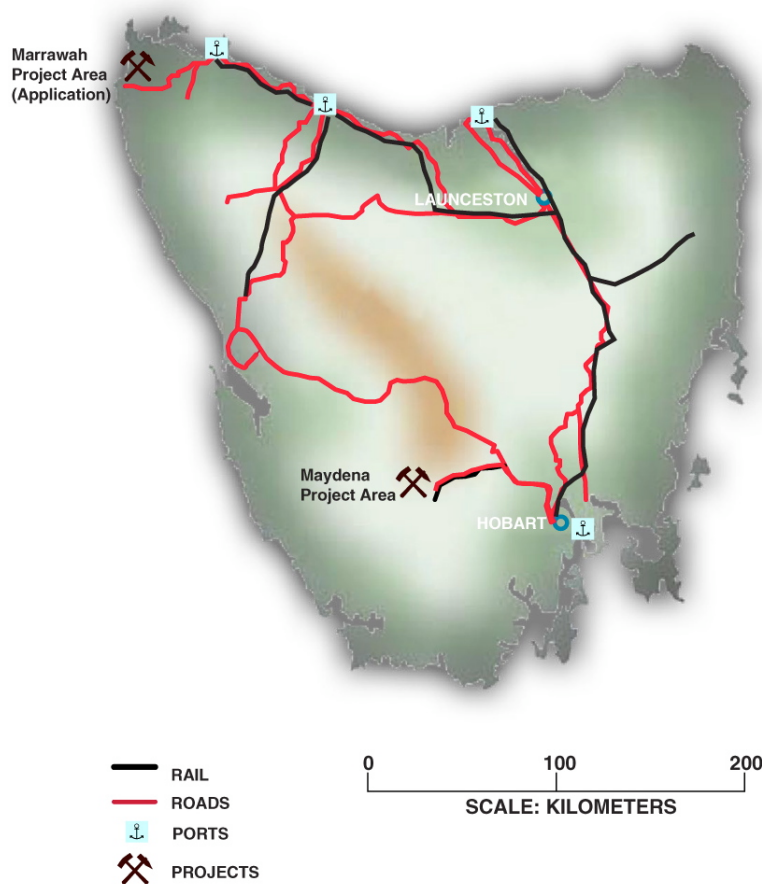


Figure One: Map of Tasmania showing new silica project areas and proximity to infrastructure

Offtake Negotiations and Trial Smelting

Macquarie Harbour Mining continues to negotiate the terms for the supply of silica. Due to the confidential nature of ongoing discussions no further information can be provided at this time, and the Company will update the market in due course.

Samples have been provided to two parties for testing and trial silicon metal production.

Managing Director Frank Rogers stated “These are very positive steps for MHM. Whilst the negotiation of offtake for the silica is not a fast process the Company is taking positive steps in the right direction and close to finalising terms for the long-term supply of this material. Silica has become a strategic commodity of increasing importance, due to its renewable energy and high technology applications. The offtake agreements under discussion represent lengthy terms of supply, and upon finalisation will present the company with a unique opportunity for stable income over an extended period insulated from the price fluctuations experienced by other commodities. In securing the Maydena and Marrawah project areas, MHM now holds what we strongly believe to be the only areas of silica in Tasmania that can support long term supply of silica as a feedstock for silicon smelting.”

Aluminium Recovery Project

The Company continues to negotiate conditional pricing for the purchase of a facility that processes waste from the primary and secondary aluminium industries, together with the acquisition of an associated proprietary technology.

Discussions also continue with several domestic and international aluminium producers to secure additional volumes of this waste material, and the Company is also exploring the establishment of additional processing facilities in markets external to Australia.

The Company will provide further update to the market with respect to this project in due course.

Managing Director Frank Rogers stated *“Whilst the negotiation of the acquisition of this facility has been lengthy, the Company continues to pursue this opportunity with vigour, and positive steps are being taken. Due to the relatively low operating expense associated with this proprietary technology, the potential to move the Company into profitability over a short time-frame and opportunity to capitalise on significant global potential, the aluminium recovery project remains a high priority for the Company. I look forward to providing the market with a more detailed update regarding the potential of this business opportunity in due course.”*

For Further Information

For further information please contact Frank Rogers or Ben Mead on +61 (0)3 6229 9955 or at www.mhml.com.au.