Quarterly Activities Report

ASX Release – 29 January 2010

macquarieharbour mining

ABN 41 124 212 175

Highlights

Corporate

- Capital raisings for a total of $6.5 million successfully closed

Aluminium Project Update

- Aluminium Salt Slag Project acquisition finalised
- Processing contracts with Alcoa and Sims completed, production commenced immediately upon settlement
- Ongoing discussions for additional facilities to be located in the USA, Canada, Europe and South Africa

Silica Project Update

- Ongoing negotiations with a number of parties

General Exploration Update

- Gold, copper and nickel exploration ramping up
- Appointment of Exploration Manager and Project Geologist

Overview

Macquarie Harbour Mining Limited (**MHM** or the **Company**) is pleased to report continued progress with respect to two primary projects; finalisation of the key terms and conditions of the Aluminium Salt Slag Project, and ongoing negotiation for offtake of high-purity lump silica. The Company has also begun ramping up the exploration of gold, copper and nickel projects contained within existing exploration areas and has appointed new employees to oversee this continued development. The Company also successfully closed two capital raisings for a total of $6.5 million to ensure ongoing development in each of these three areas.

Corporate Update

The Company successfully completed two capital raisings during the December quarter; an initial Private Placement to Sophisticated Shareholders for $3.0 million (offered at $0.20 per share), followed by a further Underwritten Rights Issue for $3.5 million offered to all existing Shareholders (also offered at $0.20 per share). The funds are to be applied towards ongoing working capital, and to ensure the Aluminium Project acquisition can be successfully closed.

During the December quarter the Company also held the Annual General Meeting of Shareholders, where all Resolutions were passed unanimously by a show of hands.

Corporate Detail

ASX Codes:
MHM, MHMO

Issued Capital:
87.5M Ordinary Shares
27.5M Listed Options

Substantial Shareholders:
Rogers Southern PL 12.34%
Directors 14.7%
Top Twenty 31.8%

Directors

Chairman
Basil Conti FCA, FCIS, FTIA

Managing Director
Frank Rogers

Executive Director
Ben Mead B.Econ

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

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

Contact

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Aluminium Project Update

During the December Quarter the Company satisfied each of the key conditions precedent to the completion of the Aluminium Salt Slag Project acquisition. This included the finalisation of processing contracts with Alcoa and Sims. The proposed settlement date of 15 January 2010 has subsequently been met, and the Company has commenced processing material under these contracts with Sims and Alcoa.

The Company has continued to progress discussions for additional Salt Slag Processing Facilities to be located internationally, where significant opportunities present. As previously reported, MHM has negotiated exclusive global rights to the proprietary processing technology and the Company intends to fully maximise the value that this exclusive right affords.

Silica Project Update

During the December quarter the Company received feedback from additional interested parties that confirm the high purity silica provided by MHM is suited to silicon metal production.

MHM is awaiting further advice regarding the potential offtake of silica from Wacker Chemie AG, though it has been reported in the media that a decision to proceed is expected Q1 2010.

Negotiations for offtake with a number of parties are ongoing and the Company will update the market with any material developments in this respect as soon as possible.

Gold, copper and nickel exploration

MHM has recently employed an exploration manager and project geologist, both with significant experience (greater than 10 years) in gold and base metal exploration in similar geological settings to those on MHM's tenements.

The MHM exploration team is actively planning an aggressive exploration programme for the coming months, with a view to progressing the Company's highly prosective Tasmanian mineral projects.

Company Comment

Managing Director Frank Rogers stated *"The December Quarter was an extremely important period for the Company and we continued to progress our two primary projects and appointed key staff members to continue driving the Company's exploration programme within Tasmania."*

Completion of the Aluminium Project key conditions precedent is a defining milestone for the Company, and is the final step in transforming MHM from an exploration company into an income producing resource company. With profits from the Aluminium Project be re-invested in the global development of the Aluminium Project, the Company's silica project and other exploration programmes, this augers well for my promise to Shareholders to minimise dilution and maximise their earnings per share."

Whilst there have been no further material developments with respect to silica offtake, apart from additional confirmation that the silica is well suited for smelting, I am confident that the case for a Tasmanian silicon smelting industry is too strong to be ignored and that we will be reporting positive developments in this respect before too long."

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Macquarie Harbour Mining Limited

ABN	Quarter ended ("current quarter")
41 124 212 175	31 December 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(44)	(129)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(106)	(254)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	38	57
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	29	29
	Net Operating Cash Flows	(83)	(297)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(161)	(322)
1.9	Proceeds from sale of:	-	-
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(108)	(108)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(269)	(430)
1.13	Total operating and investing cash flows (carried forward)	(352)	(727)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(352)	(727)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	6,172	6,172
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(5)	(10)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	6,167	6,162
	Net increase (decrease) in cash held	5,815	5,435
1.20	Cash at beginning of quarter/year to date	2,145	2,525
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,960	7,960

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	142
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All transactions with directors are on normal commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	(156)
4.2	Development	-
	Total	(156)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	7,960	2,145
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	7,960	2,145

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	87,532,760	87,532,760		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 15,000,000 32,500 5,000 17,499,500	15,000,000 32,500 5,000 17,499,500	20cents 20cents 20cents 20cents	
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	29,841,135 1,000,000 1,200,000 450,000 2,250,000	27,460,385 - - - -	*Exercise price* 20 cents 20 cents 20 cents 25 cents 28 cents	*Expiry date* 31 August 2012 14 December 2013 28 November 2013 9 October 2014 30 November 2014
7.8	Issued during quarter	450,000 2,250,000	- -	25 cents 28 cents	9 October 2014 30 November 2014
7.9	Exercised during quarter	(32,500) (5,000)	(32,500) (5,000)	N/A N/A	
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: 29 January 2010
(~~Director~~/Company secretary)

Print name: Benjamin Mead

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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