macquarieharbour mining

ACN 124 212 175

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting:	29 November 2010
Time of Meeting:	12.00 noon (EDST)
Place of Meeting:	Henty Room The Strahan Village Hotel The Esplanade Strahan TAS 7468

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

MACQUARIE HARBOUR MINING LIMITED
ACN 124 212 175

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of Shareholders of Macquarie Harbour Mining Limited ACN 124 212 175 (the **Company**) will be held at the Strahan Village Hotel, the Esplanade, Strahan TAS 7468 at 12.00 noon on 29 November 2010.

The Explanatory Memorandum which accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

AGENDA

ITEM 1 - Financial Reports

To receive the Annual Financial Report, Directors' Report and Auditors' Report for the Company and its controlled entities for the financial year ended 30 June 2010.

ITEM 2 - Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution:**

"That the remuneration report section of the Director's report for the Company for the year ended 30 June 2010 be adopted."

The vote on this resolution is advisory only and does not bind the Directors or the Company.

ITEM 3 - Resolution 2 - Change of company name

To consider and, if thought fit, to pass, with or without amendment, the following as a **special resolution**:

"That, pursuant to section 157 of the Corporations Act 2001 (Cth) and for all other purposes, the name of the Company be changed to MHM Metals Limited."

ITEM 4 - Resolution 3 - Approval for increase in non-executive Directors' fee pool

To consider and if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, in accordance with clause 15.8(a)(ii) of the Company's Constitution and ASX Listing Rule 10.17, Shareholders approve an increase in the maximum aggregate amount to be paid or provided by the Company as remuneration for the services of non-executive Directors (as a whole), in any year, from $48,000 to $200,000 (inclusive of any superannuation guarantee charge), being an increase of $152,000, with effect from 1 July 2010, divided amongst the non-executive directors in such proportion and manner as the Directors determine or, until so determined, equally."

This resolution is subject to voting exclusions as set out below.

The Company will disregard any vote cast on Resolution 3 by a director of the Company and any associates of a director of the Company, unless the vote is cast by a person as proxy for a person who is entitled to vote and the vote is cast in accordance with the directions on the proxy form, or the vote is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

ITEM 5 - Resolution 4 - Re-election of Director - Mr Peter Robertson

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That Mr Peter Robertson, who retires in accordance with Article 15.4 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

ITEM 6- Resolution 5 - Ratification of issue of Shares to clients of brokers under a placement managed by Bell Potter Securities Limited

To consider and, if thought fit, to pass, with or without amendment, the following **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, the members of the Company hereby approve and ratify the issue of 12 million Shares at an issue price of $1.00 per Share to clients of brokers under a placement managed by Bell Potter Securities Limited on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue and an associate of any of those allottees. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Basil Conti

Chairman

DATED: 29 October 2010

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's registrar, Security Transfer Registrars Pty Ltd at postal address PO Box 535 Applecross, WA 6953, street address Alexandra House, Suite 1, 770 Canning Highway, Applecross, WA 6153, Fax: +61 8 9315 2233 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual or body corporate named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a Shareholder of the Company.

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form accompanies this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00 pm EDST on 27 November 2010. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

MACQUARIE HARBOUR MINING LIMITED

ABN: 41 124 212 175

REGISTERED OFFICE:
PO BOX 21
KINGSTON TAS 7050

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code: MHM

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ OR ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

The meeting Chairperson (mark with an "X")

The name of the person you are appointing (if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 12.00 noon (EDST) on Monday 29 November 2010 at Strahan Village Hotel, The Esplanade, Strahan, Tasmania 7468 and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution	For	Against	Abstain*
1. Remuneration Report (non-binding)	☐	☐	☐
2. Change of company name	☐	☐	☐
3. Approval of non-executive Directors' fees	☐	☐	☐
4. Re-election of Director - Mr Peter Robinson	☐	☐	☐
5. Ratification of issue of Shares to clients of brokers under a placement managed by Bell Potter Securities Limited	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐ **If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.**
By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

3516008519 Reference Number: 1 MHM 1

My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

( )

NOTES

1. Name and Address

This is the name and address on the Share Register of MACQUARIE HARBOUR MINING LIMITED. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of MACQUARIE HARBOUR MINING LIMITED.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

(a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and

(b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 12.00 noon (EDST) on Saturday 27 November 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone **+61 8 9315 2333**

Facsimile **+61 8 9315 2233**

Email **registrar@securitytransfer.com.au**

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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MACQUARIE HARBOUR MINING LIMITED
ACN 124 212 175

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at the Strahan Village Hotel, the Esplanade, Strahan TAS 7468 at 12 noon on 29 November 2010.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this Annual General Meeting are set out below.

1. Financial Statements and Reports

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 30 June 2010 will be laid before the meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the auditor about:

(a) the preparation and content of the Auditor's Report;

(b) the conduct of the audit;

(c) accounting policies adopted by the Company in relation to the preparations of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the Company's Secretary by post (Level 1, 20 Kings Park Road, West Perth, WA, 6005) or facsimile (+61 8 9324 1293).

2. Resolution 1 - Remuneration Report

The Remuneration Report is set out in the Directors' Report on pages 17 to 23 of the Company's Annual Report. It sets out a range of matters relating to the remuneration of Directors, executive and senior managers of the Company.

Section 250R(2) of the Corporations Act requires that resolution to adopt the Remuneration Report be put to the vote of the Company at the Annual General Meeting. A vote on this resolution is advisory only and does not bind the Company or its Directors.

An opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

3. Resolution 2 - Change of company name

It is proposed that the Company change its name from Macquarie Harbour Mining Limited to MHM Metals Limited.

Under section 157(1) of the Corporations Act, a Company must obtain member approval by a special resolution to adopt a new name. The name change is subject to, and will take effect when, the Australian Securities and Investments Commission alters the Company's registration details.

To be passed a special resolution requires the approval of at least 75% of the votes cast by Shareholders at the Meeting, in person or by proxy.

4. Resolution 3 - Non-executive directors' fees

The Company is seeking Shareholder approval to increase the maximum aggregate fees payable to non-executive directors in each financial year from $48,000 to $200,000 (inclusive of superannuation guarantee charge), being an increase of $152,000. ASX Listing Rule 10.17 and clause 15.8(a)(ii) of the Company's Constitution require Shareholder approval for such an increase.

Your Company's current Board structure comprises 2 executive Directors, 2 non-executive Directors and one non-executive chairman. The current fees paid to each of the Company's non-executive Directors amounts to $12,000 per annum, with the Chairman's fee being $24,000, amounting to $48,000 in aggregate per annum. Full details of all payments to non-executive directors are included in the Remuneration Section of the Directors Report.

The increase in the fee pool does not suggest that all of the additional pool funds will be utilised. It merely provides "head room" should any additional appointments be made and will prevent similar resolutions appearing in general meetings in the near future.

Fees paid to non-executive directors recognise the significant time commitment made by Directors in directing and overseeing the Company's affairs. In addition they recognise the competitive pressures in the market place and the need to attract and retain appropriately experienced and qualified Board members.

5. Resolution 4 - Re-election of Director - Mr Peter Robertson

In accordance with clause 15.4 of the Constitution, at every annual general meeting, one third of the Directors must retire from office and are eligible for re-election. In accordance with clause 15.7, the managing director is not taken into account in determining the retirement by rotation of Directors. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment, or who have bee longest in office since their appointment or last re-appointment, or, if the Directors have been in office for an equal length of time, by agreement.

Accordingly, Mr Robertson retires and offers himself for re-election as a Director.

6. Resolution 5 - Ratification of issue of Shares to clients of Bell Potter Securities Limited

The Company issued 12 million Shares to clients of Bell Potter Securities Limited on 26 October 2010.

6.1 Background

Under a private placement, 12 million new fully paid ordinary Shares were issued to sophisticated and institutional investors at a price of $1.00 per Share. The funds will be used to fund a feasibility study for salt slag processing in the United States and for the purposes of working capital.

6.2 ASX Listing Rule 7.4

Resolution 5 seeks shareholder ratification for the offer and issue of Shares to the clients of Bell Potter Securities Limited for the purposes of ASX Listing Rule 7.4.

The purpose of seeking shareholder approval and ratification of the issue of Shares is to effectively reinstate the maximum limit under the ASX Listing Rules on the number of securities that the Company may issue in any 12 month period without shareholder approval.

6.3 Disclosure Requirements

In accordance with the disclosure requirements of ASX Listing Rule 7.5, the following information is provided to Shareholders to enable them to consider and ratify the issue of Shares to the clients of Bell Potter Securities Limited:

(a) The number of Shares allotted was 12 million.

(b) The issue price of the Shares was $1.00 per Share.

(c) The Shares rank equally with all existing Shares.

(d) The allottees of the Shares were clients of Bell Potter Securities Limited.

(e) Funds raised through the placement will be used to fund a feasibility study for salt slag processing in the United States, and for the purposes of working capital.

7. Glossary of Terms

The following terms and abbreviations used in the Notice of Annual General Meeting and this Explanatory Memorandum have the following meanings:

$ means Australian dollars.

Annexure means annexure to this Explanatory Memorandum.

Annual Financial Report means the Company's financial report contained in the Annual Report.

Annual General Meeting or Meeting means the Annual General Meeting of Shareholders to be held at the Strahan Village Hotel, the Esplanade, Strahan Tasmania 7468 at 12.00 noon on 29 November 2010, or any adjournment thereof.

Annual Report means the Company's annual report for the year ending 30 June 2010.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the board of directors of the Company.

Company means Macquarie Harbour Mining Limited ACN 124 212 175.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Commonwealth).

Directors means the directors of the Company, from time to time.

Directors' Report means the directors' report contained in the Annual Report.

EDST means Australian Eastern Daylight Savings Time.

Explanatory Memorandum means this explanatory memorandum.

Group means the Company and each related party of the Company within the meaning of section 50 of the Corporations Act.

Notice means this notice of meeting.

Remuneration Report means the remuneration report contained in the Annual Report.

Resolution means a resolution of the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of Shares.