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ASX Code: MHM

MHM EXPLORATION UPDATE

Highlights

- **First phase drilling results received: evidence of narrow vein, high-grade gold mineralisation**
- **Best intersections 1m @ 17.7 g/t Au from 27 metres, 2m @ 7.5 g/t Au from 46 metres**
- **Regional exploration programme continuing, acquisition of prospective new exploration area with historical production**
- **Tin project update: bulk-sampling to commence in Q3 of 2008**
- **West Coast iron ore, gold and copper exploration update**

Gladstone Gold Project

Macquarie Harbour Mining Limited (MHM.AX) 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. In total 48 holes were drilled across four historic prospects located approximately 10 km north east of Gladstone.

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. Historical mining in the district, which took place in the late nineteenth and early twentieth century, was based on limited amounts of high-grade ore.

Split samples from bulk drill cuttings taken over one metre intervals were sent to ALS-Chemex for fire assay using method Au-AA25. 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.

A full evaluation of this program is now underway with a view to planning the next stage of exploration of this area concentrating on the granite - Mathinna contact zones.

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.

MHM is applying for a works permit to conduct a program to test the tin, tungsten and gold potential in this area. A zone of mineralisation 600 metres wide and 2500 metres long will be the primary focus of the company's activities with drilling of selected targets planned to commence in Q4 of 2008.

Mangana Gold Project

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.

Musselroe Tin Project

MHM has completed the construction of its 5 tonnes/hour tin sampling plant and is finalizing approvals for the bulk sampling of its tin targets to the south and southeast of Gladstone, Tasmania.

The early focus of this project will be an area of historical alluvial tin workings in the vicinity of Star Hill, approximately 3km east of the town. Mining of these shallow deposits started in the 1880's and continued intermittently for about 90 years. With the current elevated tin price and scope for low production costs they represent an opportunity for early development.

West Coast Iron Ore, Gold and Copper Projects

A reconnaissance program is planned for July to examine the Iron Ore lenses on the Company's tenements south of Macquarie Harbour with the view of selecting drill targets for a program to commence in October this year. The drilling program is planned to include testing the gold-copper anomaly at Thomas Creek also on the company's West Coast tenements.

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Joe Booth, a Member of The Australian Institute of Mining and Metallurgy. Mr Booth has sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Booth consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Macquarie Harbour Mining Limited

Macquarie Harbour Mining Limited (MHM) holds strategically placed tenements in two of Tasmania's historic and most productive mining regions. In the north east MHM is targeting gold and alluvial tin mineralisation for early income potential for further exploration expenditure. On Tasmania's west coast MHM has a diverse range of mineral targets including iron ore, copper, gold, nickel, zinc and lead. The company is targeting mineralisation of a style similar to the renowned Mt Lyell, Rosebery, Hellyer, Henty and Avebury mines.

Gladstone Gold Project (north east): The MHM Gladstone exploration license has the potential to host significant and under-explored gold mineralisation. The tenement area contains a number of old gold mines that fall along a 10 km strike length. Many of these mines closed while still producing gold due to problems with excess water and sulphide-hosted ore. These problems can now be overcome. Reported grades have been as high as 90 g/t.

Musselroe Tin Project (north east): The Musselroe tin project targets the potential for significant alluvial tin deposits throughout the Musselroe region. A historic tin mining region, early explorers were limited by technology and processing techniques though historic reported grades have been as high as 11.6 kg/m³. MHM believes the region has major potential as an early and ongoing income producing project.

Sorell Silica Project: High-grade quartzite silica mineralisation that has significant potential for the generation of income over the medium term. Off-take agreements are under negotiation.

Thomas Creek Copper Gold Project (west coast): The Thomas Creek area indicates porphyry copper-gold mineralisation of a similar style to Mt Lyell. The Thomas Creek project presents a priority target and drilling is planned to commence towards the latter part of 2008.

Hibbs Nickel Gold PGM & Birchs Polymetallic Project (west coast): The Hibbs & Birchs project areas contains several significant sub-projects including a 30 km ultramafic structure that hosts a nickel sulphide mineralisation. This is of a similar style to the Allegiance Avebury deposit to the north, gold, chromium and platinum group metal occurrences, and potential VHMS and porphyry-style mineralisation.

Double Cove Copper Gold Nickel Zinc & Iron Ore Project (west coast): The Double Cove exploration licence holds a number of highly prospective priority targets that include iron ore (hematite-magnetite) mineralisation and identified copper, gold, zinc and nickel occurrences.

Strahan Nickel Zinc Project (west coast): The Strahan project will explore both extensions to the known nickel sulphide mineralisation to the south of Macquarie Harbour and a 25 km strike of the highly prospective Mt Read Volcanics encompassed by the tenement area. This tenement forms an integral part of the MHM's strategy in exploring the west coast of Tasmania.

For further information please contact:

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