



macquarieharbour
mining

ABN 41 124 212 175

Notice of Annual General Meeting and Explanatory Statement

Time: 12 pm (EDST)
Date: 28th November 2008
Place: Strahan Village
The Esplanade
Strahan TAS 7468

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in the Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9321 6777.

Corporate Directory

Directors	Mr Basil Conti (Non-Executive Chairman) Mr Frank Rogers (Managing Director) Mr Benjamin Mead (Executive Director) Dr Neil Allen (Non-Executive Director) Mr Peter Robertson (Non-Executive Director)
Secretary	Mr Jade D'Andrilli
Registered Office	Level 1, 20 Kings Park Road West Perth WA 6005 Telephone: +61 8 9321 6777 Facsimile: +61 8 9324 1293 Email: info@mhml.com.au Website: www.mhml.com.au
Auditor	BDO Kendalls Audit & Assurance (WA) Pty Ltd 121 Hay Street Subiaco WA 6008
Lawyers	Pullinger Readhead Lucas Commercial Lawyers Level 2, 50 Kings Park Road West Perth WA 6005
Share Registry	Security Transfer Registers Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233
ASX Code	MHM (Ordinary Fully Paid Shares) MHMO (Listed Options)

Notice of Annual General Meeting

The 2008 Annual General Meeting of Macquarie Harbour Mining Limited will be held at Strahan Village, the Esplanade, Strahan, Tasmania, 7468, on the 28th day of November 2008 commencing at 12.00pm (EDST).

Ordinary Business

1 Financial Statements and Reports

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2008.

2 Resolution 1 - Adoption of Remuneration Report (non-binding)

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ending 30 June 2008."

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

3 Resolution 2 – Re-Election of Director – Mr Benjamin Mead

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

"That, for the purpose of clause 15.4 of the Constitution and for all other purposes, Mr Benjamin Mead, a Director who retires by rotation, and being eligible, is re-elected as a Director."

4 Resolution 3 – Re-Election of Director – Dr Neil Allen

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

"That, for the purpose of clause 15.4 of the Constitution and for all other purposes, Dr Neil Allen, a Director who retires by rotation, and being eligible, is re-elected as a Director."

Special Business

5 Resolution 4 – Issue of Options to Directors – Mr Basil Conti

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

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 250,000 Options to Mr Basil Conti (or his nominee) under the Company's Employee Share Option Scheme, on the terms set out in the Explanatory Statement."

6 Resolution 5 – Issue of Options to Directors – Mr Frank Rogers

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 250,000 Options to Mr Frank Rogers (or his nominee) under the Company’s Employee Share Option Scheme, on the terms set out in the Explanatory Statement.”

7 Resolution 6 – Issue of Options to Directors – Mr Benjamin Mead

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 250,000 Options to Mr Benjamin Mead (or his nominee) under the Company’s Employee Share Option Scheme, on the terms set out in the Explanatory Statement.”

8 Resolution 7 – Issue of Options to Directors – Dr Neil Allen

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 100,000 Options to Dr Neil Allen (or his nominee) under the Company’s Employee Share Option Scheme, on the terms set out in the Explanatory Statement.”

9 Resolution 8 – Issue of Options to Directors – Mr Peter Robertson

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 100,000 Options to Mr Peter Robertson (or his nominee) under the Company’s Employee Share Option Scheme, on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

For the purposes of Listing Rule 10.15 and section 224 of the Corporations Act, the Company will disregard any votes cast on Resolutions 4, 5, 6, 7 and 8 by a Director (except one who is ineligible to participate in the Company’s Employee Share Option Scheme), and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Explanatory Statement

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and Explanatory Statement.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

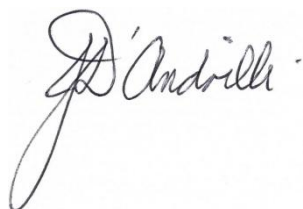
The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting.

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 5.00pm (EDST) on 26 November 2008 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

By Order of the Board of Directors



Mr Jade D’Andrilli
Secretary
Macquarie Harbour Mining Limited
23 October 2008

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 2008 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1 Financial Statements and Reports

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ending 30 June 2008 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 Company's auditor about:

- the preparation and content of the Auditor's Report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- 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: Adoption of Remuneration Report (non-binding)

The Remuneration Report of the Company for the financial year ending 30 June 2008 is set out in the Director's Report in the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this resolution is advisory only and does not bind the Company or the Directors.

3 Resolutions 2 and 3: Election of Directors

In accordance with Listing Rule 14.4 and clause 15.4 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. 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 been 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 Mead and Dr Allen retire and offer themselves for re-election as Directors.

Further information about Mr Mead and Dr Allen is set out in the Annual Report.

4 Resolutions 4, 5, 6, 7 and 8ⁱ Issue of Options to Directors

Resolutions 4, 5, 6, 7 and 8 seek Shareholder approval for the issue of a total of 950,000 Options to Mr Basil Conti, Mr Frank Rogers, Mr Benjamin Mead, Dr Neil Allen and Mr Peter Robertson, each of whom are Directors of the Company, under the Company's Employee Share Option Plan ("Plan"). The terms of the Plan were summarised in the Company's prospectus dated 5 October 2007 and the full terms were disclosed to the market on 12 December 2007. A summary of the terms of the Plan is set out in Annexure A.

The issue of the Options is designed to reward the Directors for past services to the Company and to act as an incentive for future performance. The Options to be issued are in addition to the fee and remuneration package payable to the Directors by the Company.

The Options to be issued to Mr Conti, Mr Rogers, Mr Mead, Dr Allen and Mr Robertson are exercisable at \$0.20 each, or the weighted average sale price of Shares sold on ASX during the five business days prior to the Issue Date, whichever is greater, on or before 28th November 2013, and are otherwise issued on the terms set out in Annexure B.

Corporations Act

Section 208 of the Corporations Act prohibits a company from giving a financial benefit to a related party without prior shareholder approval.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control or a person who may be seen as acting in concert with the company on the understanding that a financial benefit will be received. Further, a director of an entity that controls a public company is a related party of the company.

A "financial benefit" for the purposes of the Corporations Act is also defined widely. It includes a public company issuing securities or granting options to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and the effect of the transaction (rather than just the legal form) and any consideration which has been given is to be disregarded, even if it is full or adequate.

A Director is deemed to be a related party of the Company. The issuing of securities to a related party (or nominee) as contemplated by each of Resolutions 4, 5, 6, 7 and 8 may constitute the giving of a financial benefit to a related party of the Company and the resolutions are put to Shareholders for that reason.

The following information is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess the merits of the resolutions:

(a) The related parties to whom the proposed resolutions would permit financial benefits to be given

Mr Basil Conti, Mr Frank Rogers, Mr Benjamin Mead, Dr Neil Allen and Mr Peter Robertson, each of whom are Directors of the Company.

(b) The nature of the financial benefits

The grant of the following number of Options for no consideration:

- (i) under Resolution 4, 250,000 Options to Mr Conti or his nominee;
- (ii) under Resolution 5, 250,000 Options to Mr Rogers or his nominee;
- (iii) under Resolution 6, 250,000 Options to Mr Mead or his nominee;
- (iv) under Resolution 7, 100,000 Options to Dr Allen or his nominee; and
- (v) under Resolution 8, 100,000 Options to Mr Robertson or his nominee;

The Options are exercisable at \$0.20 each, or the weighted average sale price of Shares sold on ASX during the five business days prior to the Issue Date, whichever is greater, on or before 28th November 2013, and are otherwise issued on the terms set out in Annexure B.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued.

ASIC has indicated that the Black Scholes option price calculation method is acceptable where options cannot be readily valued by some other means. A range of values for the Options has been calculated using the Black Scholes method. In determining these values, the following key variables were applied:

- the Options will be exercisable at \$0.20;
- the Options will expire on 28th November 2013;
- price volatility of the Shares is 68%;
- the risk free rate of interest of 6.5%; and
- the current Share price of \$0.05, based on the closing price of Shares on ASX on 22nd October 2008.

Based on the above assumptions and the volatility assumption set out below, the total value of the Options is \$15,200.

Therefore, the implied "value" being received by each Director through the issue of the Options is \$4,000 for each of Mr Conti, Mr Rogers and Mr Mead and \$1,600 for Dr Allen and for Mr Robertson.

In the 15 months before the date of the Notice of Annual General Meeting of which this Explanatory Statement forms part, the total benefits received by the Directors in the form of remuneration, consultant's fees, director's fees and secretarial fees were as follows:

Director	Financial Year ending 30 June 2008	Year to date
Mr Conti	\$26,160	\$6,540
Mr Rogers	\$91,197	\$72,667
Mr Mead	\$7,630	\$3,270
Dr Allen	\$7,630	\$3,270
Mr Robertson	\$7,630	\$3,270

In addition, the following amounts were paid to companies associated with the Directors in the 15 months before the date of this Notice of Meeting:

- during the financial year ending 30 June 2008, an amount of \$49,484 was paid to Harden East Conti Pty Ltd, a company associated with Mr Conti, for accountancy services and share issue costs. Since 30 June 2008, a further \$12,082 has been paid to Harden East Conti Pty Ltd for accountancy services;
- during the financial year ending 30 June 2008, amounts of \$179,995, \$4,715 and \$7,987 were paid to Ageicion Pty Ltd as trustee for the Mead Family Trust, a company associated with Mr Mead, for consultancy services and other overheads, plant and equipment purchases, and share issue costs, respectively. Since 30 June 2008, a further \$32,160 has been paid to Ageicion Pty Ltd as trustee for the Mead Family Trust for consultancy services; and
- during the financial year ending 30 June 2008, amounts of \$26,467, \$23,957, \$193,226, \$150,250 and \$31,778 were paid to Rogers Engineering Services Pty Ltd, a company associated with Mr Rogers, for rent, consultancy services and overheads, plant and equipment purchases, exploration and evaluation, and share issue costs, respectively.

Mr Rogers and Mr Mead also received 500,000 Options each in December 2007, which are exercisable at \$0.20 on or before 31 August 2012.

(c) Directors' recommendations on the proposed resolutions

The Directors decline to make a recommendation in relation to proposed Resolutions 4, 5, 6, 7 and 8 they have a material interest in their outcomes to the extent that the resolutions provide for the issue of Options to each of them.

Due to the operation of section 195(4) of the Corporations Act, the Directors have only considered the subject matter of Resolutions 4, 5, 6, 7 and 8 with respect to the issue of Options to the Directors to the extent necessary to convene the Shareholders' meeting for the purposes of Shareholders considering the resolutions and to prepare the necessary meeting documentation.

(d) Directors' interests in outcome of proposed resolutions

Mr Conti, Mr Rogers, Mr Mead, Dr Allen and Mr Robertson's interests in the outcome of proposed Resolutions 4, 5, 6, 7, and 8 are set out above and elsewhere in this Explanatory Statement.

(e) All other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed resolution and that is known to the Company or any of its Directors

The Options shall be granted free to Mr Conti, Mr Rogers, Mr Mead, Dr Allen and Mr Robertson (or their respective nominees) at an exercise price and on the conditions set out in this Explanatory Statement.

If the Options proposed to be granted under Resolutions 4, 5, 6, 7 and 8 are exercised, and no other Shares or options to acquire Shares are issued or exercised in the meantime, the number of issued Shares would increase by 950,000 representing 1.69% of the total Shares (post-exercise) on a fully-diluted basis at that time.

The table below sets out each proposed recipient's current direct and indirect interest in Shares, and what their interest would be if they exercised the Options referred to in the resolutions and no other Shares were issued by the Company.

Director	Number of Shares	Number of Shares (post-exercise)	Percentage of Shares (post-exercise)
Mr Conti	365,000	615,000	1.10%
Mr Rogers	13,025,006	13,275,006	23.73%
Mr Mead	2,040,001	2,290,001	4.09%
Dr Allen	200,001	300,001	0.54%
Mr Robertson	150,001	250,001	0.45%

The second table sets out each recipient's current entitlement to Shares and Options, and what that entitlement would be if they each exercised all Options held by them to acquire Shares (including the Options the subject of Resolutions 4, 5, 6, 7 and 8) and no other Shares were issued by the Company.

Director	Number of Shares	Existing Options	Number of Shares (post-exercise of all Options)	Percentage of Shares (post-exercise)
Mr Conti	365,000	182,500	797,500	1.23%
Mr Rogers	13,025,006	7,012,503	20,287,509	31.29%
Mr Mead	2,040,001	1,520,001	3,810,002	5.88%
Dr Allen	200,001	100,000	400,001	0.62%
Mr Robertson	150,001	75,001	325,002	0.50%

The highest and lowest price of Shares in the past 12 months on the ASX were \$0.22 on 14th December 2007 and \$0.05 on 22nd October 2008 respectively. The closing price of Shares on 22nd October 2008, the date before the date of the Notice of General Meeting, was \$0.05.

Neither the Company nor the Directors are aware of any other information not set out in this Explanatory Statement that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 4, 5, 6, 7 and 8.

Listing Rules

Listing Rule 10.11 provides that an entity must not issue securities to a related party of the entity without the approval of shareholders.

As an exception to Listing Rule 10.11, a company may issue equity securities to a director under an employee incentive scheme, where the acquisition is approved by shareholders under Listing Rule 10.14: Listing Rule 10.2, Exception 4.

Accordingly, the Company seeks approval of Shareholders under Listing Rule 10.14 to allow the Company to issue the Options to Mr Conti, Mr Rogers, Mr Mead, Dr Allen and Mr Robertson pursuant to the terms of the Company's Employee Share Option Plan.

The maximum number of Options that may be acquired and the exercise price are set out above. The terms of issue of the Options are detailed in Annexure B. Since the Plan's inception, 1,000,000 Options have been issued under the Plan to Mr Rogers and Mr Mead.

No funds will be raised from the issue of the Options. Further funds may be raised on the eventual exercise of the Options, however, there is no guarantee that the Options will be exercised at any future time. Any funds raised from the exercise of the Options will be used for the purpose of providing working capital to the Company.

The Options to be issued under Resolutions 4, 5, 6, 7, and 8 will be issued within one (1) month of the date of the Annual General Meeting.

The Company will not provide any loans to the Directors for the purposes of enabling them to exercise the Options issued to them under Resolutions 4, 5, 6, 7 and 8.

5 Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

Annexure	annexure to this Explanatory Statement.
Annual Financial Report	The Company's financial report contained in the Annual Report.
Annual Report	The Company's annual report for the year ending 30 June 2008.
Auditor's Report	The auditor's report contained in the Annual Report.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited.
Board	board of Directors.
Company	Macquarie Harbour Mining Limited ABN 41 124 212 175.
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	director of the Company.
Directors' Report	The Directors' report contained in the Annual Report.
EDST	Australian Eastern Daylight Savings Time
Listing Rules	The Listing Rules of the ASX.
Option	option to subscribe for a Share.
Plan	The Company's Employee Share Option Plan the terms of which were set out in the Company's prospectus dated 5 October 2007.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.

Annexure A

Summary of Employee Share Option Plan

The following is a summary of the terms of the Macquarie Harbour Mining Limited Employee Share Option Plan ("**Plan**"), a copy of which may be obtained from the Company. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. Participants in the Plan

The Board may offer free Options to persons ("**Eligible Persons**") who are:

- full time or part time employee of the Company (including a person engaged by the Company under a consultancy agreement); or
- Directors of the Company or any subsidiary of the Company,

based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant.

Upon receipt of such an offer, the Eligible Person may nominate a nominee acceptable to the Board to be issued with the Options.

2. Number of Options

The maximum number of Options issued under the Plan at any one time is 5% of the total number of Shares on issue in the Company.

3. Terms of Options

Each Option entitles the holder, on exercise, to one ordinary fully paid share ("**Share**") in the Company.

There is no issue price for the Options. The exercise price for the Options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than the weighted average sale price of Shares sold on ASX during the five business days prior to the date of issue or such other period as determined by the Board (in its discretion).

Shares issued on exercise of Options will rank equally with other ordinary Shares of the Company.

Options may not be transferred other than to an Associate (as defined in the Corporations Act) of the holder. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

An Option may only be exercised after that Option has vested and any other conditions imposed by the Board on exercise satisfied. The Board may determine the vesting period (if any). An Option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the employee ceasing to be employed by the Company or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.

If, in the opinion of the Board any of the following has occurred or is likely to occur, the Company entering into a scheme of arrangement, the commencement of a takeover bid for the Company's Shares, or a party acquiring a sufficient interest in the Company to enable them to replace the Board, the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may, subject to the lapsing conditions set out above, be exercised at any time on or before their expiry date and in any number.

4. Future Issues of Shares

There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 business days after the issue is announced. Optionholders shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him or her upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those Options immediately before the record date for determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue will rank pari passu in all respects with the other Shares issued upon exercise of the Options.

5. Reconstruction of Capital

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

6. Taxation

Under current taxation laws any taxation liability in relation to the Options, or the Shares issued on exercise of the Options will fall on the participants. The Company will not be liable for fringe benefits tax in relation to Options or Shares issued under the Plan.

7. Participation by Directors

Although Directors are eligible to be offered Options under the Plan, this first requires specific Shareholder approval due to the requirements of the Listing Rules and the Corporations Act.

Annexure B

Terms of Options

The Options are issued under the terms of the Macquarie Harbour Mining Limited Employee Option Plan (“**Plan**”). The full terms of the Options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. Each Option entitles the holder, on exercise, to one fully paid ordinary share in the Company (“**Share**”).
2. Shares issued on exercise of Options will rank equally with other fully paid ordinary Shares of the Company.
3. An Option may only be exercised after that Option has vested, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.
4. An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company; the employee ceasing to be employed by the Company; or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company.
5. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company’s Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
6. Options may not be transferred other than to a nominee of the holder. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
7. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 business days after the issue is announced.
8. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (“**Bonus Issue**”), each optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him or her upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue (“**Bonus Shares**”) to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those Options immediately before the record date for determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
9. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of [full company name] and entitled to attend and vote hereby appoint

The Chairman
of the meeting

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and 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 Macquarie Harbour Mining Limited to be held at Strahan Village, The Esplanade, Strahan, Tasmania, 7468, on the 28th day of November 2008 at 12.00pm (EDST) and at any adjournment of that meeting.

IMPORTANT

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.



Voting directions to your proxy – please mark to indicate your directions

Ordinary Business

- Resolution 1. Adoption of Remuneration Report (non-binding)
- Resolution 2. Election of Directors – Mr Benjamin Mead
- Resolution 3. Election of Directors – Dr Neil Allen

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

- Resolution 4. Issue of Options to Directors – Mr Basil Conti
- Resolution 5. Issue of Options to Directors – Mr Frank Rogers
- Resolution 6. Issue of Options to Directors – Mr Benjamin Mead
- Resolution 7. Issue of Options to Directors – Dr Neil Allen
- Resolution 8. Issue of Options to Directors – Mr Peter Robertson

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular Resolution, 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.

Appointment of a second proxy (see instructions overleaf)

 %

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

PLEASE SIGN HERE
implemented

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

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

Your Name and Address

Please print your name and address as it appears on your holding statement and the company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two 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 [secretary] on [registered office telephone] or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|--------------------|--|
| Individual: | where the holding is in one name, the holder must sign. |
| Joint Holding: | where the holding is in more than one name, all of the shareholders should 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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. ie. no later than 12.00pm (EDST) on 26 November 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the company's registered office at Level 1, 20 Kings Park Road, West Perth, WA, 6005 or sent by facsimile to the registered office on +61 8 9324 1293.