



MACQUARIE HARBOUR MINING LIMITED
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16 November 2009

Dear Optionholder

Non-renounceable Rights Issue

Macquarie Harbour Mining Limited ACN 124 212 175 (the **Company**) wishes to advise that it intends to proceed with a non-renounceable pro rata rights issue (**Rights Issue or Offer**) of 1 ordinary share in the Company (**New Share**) for every 4 ordinary shares in the Company (**Share(s)**) at an offer price of \$0.20 per Share to raise a maximum of approximately \$3.5 million before costs. The underwritten Rights Issue is open to existing holders of shares in the Company (**Shareholders**) with a registered address in Australia or New Zealand (**Eligible Shareholders**).

Only Eligible Shareholders who are registered at 5.00 pm (WST) on 25 November 2009 (Record Date) will be eligible to participate in the Offer. There is no inherent right in your options to participate in the Offer. The purpose of this letter is to give you notice prior to the Record Date so that you may exercise your options should you wish to participate in the Offer.

Accordingly, if you wish to participate in the Offer (to the extent of any Shares which would be issued upon exercise of your options) you must exercise your options in accordance with their terms and conditions in time for the Shares to be allotted to you before the Record Date. To ensure that your Shares are allotted and issued before the Record Date, your option certificate and notice of exercise of option (**Notice of Exercise**) together with your cheque for the necessary amount must be received by the Company no later than 5.00 pm (WST) on 20 November 2009. Any Shares to be issued in relation to a Notice of Exercise received after this date cannot be assured of being allotted and issued before the Record Date.

If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Offer carefully and consult with your professional advisor if necessary.

It is proposed that the Rights Issue be conducted according to the following indicative table:

Event	Date
Rights Issue / Offer announced via ASX	16 November 2009
Offer Document lodged with ASX	16 November 2009
Shares quoted on an "ex" basis	19 November 2009
Record Date to identify Shareholders entitled to participate in issue	25 November 2009
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders	27 November 2009
Closing date for acceptance and payment	11 December 2009
Issue of New Shares and despatch of holding statements	17 December 2009
Commencement of trading of New Shares	18 December 2009

This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Directors of the Company, in conjunction with the underwriter, reserve the right to vary these dates, including the closing date of the Offer, without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, application money will be returned without interest.

Full details of the terms and conditions of the Rights Issue will be contained in the Offer Document to be lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

If you have any queries in relation to the Offer please contact the Company Secretary on +61 (0)3 6229 9955.

Yours faithfully



Basil Conti
Non-Executive Chairman