



macquarieharbour
mining

MACQUARIE HARBOUR MINING LIMITED

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17 November 2009

Dear Shareholder

Information for Shareholders: Non-renounceable Rights Issue

Macquarie Harbour Mining Limited (the **Company**) is pleased to announce an opportunity for holders of shares in the Company (**Shareholders**) with a registered address in Australia or New Zealand (**Eligible Shareholders**) and registered at 5.00 pm (AWST) on 25 November 2009 (**Record Date**) to participate in a non-renounceable pro rata rights issue (**Rights Issue or Offer**).

Pursuant to the Rights Issue, the Company may issue a maximum of approximately 17.5 million fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.20 each, to raise a maximum of approximately \$3.5 million (before costs).

The New Shares will be offered on the basis of 1 New Share for every 4 fully paid ordinary shares held in the capital of the Company (**Shares**) as at the Record Date (**Entitlement**). Entitlements are non-renounceable and therefore rights will not be tradeable on ASX or otherwise. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements that they do not take up. The New Shares will be fully paid and will rank equally with the Company's existing issued Shares. The Company will make an application to the ASX for official quotation of the New Shares.

An offer document, a copy of which was lodged with the ASX on 16 November 2009, will be dispatched to all Eligible Shareholders, together with an Entitlement and Acceptance Form, on 27 November 2009. A copy of the offer document has been lodged with the ASX and is available on the ASX website (<http://www.asx.com.au>). Full details of the terms and conditions of the Rights Issue are contained in the offer document.

Pursuant to the ASX Listing Rules (**Listing Rules**), the Company is required to provide you with certain information before proceeding with the Rights Issue. This notice contains all the information required by Appendix 3B of the Listing Rules.

The number of issued Shares at the date of this notice and the total number of issued Shares at the close of the Offer are as follows:

- Number of Shares currently on issue
and quoted on ASX: 69,995,760

- Maximum number of New Shares to be offered under the Offer* 17,499,540
- Maximum number of Shares on issue upon completion of the Offer: 87,495,300

*Assumes no options that have been issued by the Company are exercised prior to the Record Date

There are currently 19,380,760 ordinary shares and 5,030,750 options in the Company which are not quoted on the ASX. The Rights Issue has been fully underwritten by Sonray Corporate Pty Ltd (Sonray). Sonray will receive a fee of up to \$52,500.

It is proposed that the funds raised by the Offer, after payment of the costs of the Offer, will be used by the Company to further development of the Company's silica and aluminium projects, to accelerate exploration activities and for general working capital.

Please note that Shareholders at the Record Date that have an address registered outside Australia or New Zealand (**Excluded Shareholders**) will not be eligible to participate in the Offer.

Eligible Shareholders may:

- take up all their Entitlement;
- allow all or part of their Entitlement to lapse; or
- take up part of their Entitlement under the Offer and allow the balance to lapse.

If you wish to take up all or some of your Entitlement you must complete the Entitlement and Acceptance Form (for the number of New Shares you wish to take up) in accordance with the instructions set out on the reverse of that form and attach a cheque for the application money shown on that form (in respect of that part of your Entitlement you intend to take up) by 5.00 pm (AWST) on 11 December 2009 (**Closing Date**).

As required under the Listing Rules, the Company informs you that no Shareholder approval is required for the Rights Issue and, therefore, no Shareholder approval will be sought.

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

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 dispatch of holding statements	17 December 2009

This timetable is indicative only and subject to change. Subject to 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, without prior notice.

Before taking up Entitlements under the Rights Issue, Eligible Shareholders should read all the information set out in the Offer Document, including the risk factors. If you have any queries, please consult your financial adviser.

For further information on your entitlement to the Rights Issue, or how to deal with the Rights Issue, please contact the Company Secretary on (03) 6229 9955.

Yours faithfully



Basil Conti
Non-Executive Chairman