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mining

Investor Presentation
Macquarie Harbour Mining Limited
ABN: 41 124 212 175
October 2010

MHM...

A small cap company on the cusp of a global expansion of its aluminium business

Australian aluminium operations are cashflow positive, revenues expected to grow substantially in the near future

Significant growth potential overseas through aluminium industry driven demand for salt slag processing technology for which MHM owns exclusive global rights

Advanced high purity silica project, compelling case for development of a Tasmanian silicon smelter

Significant additional value for shareholders from mineral projects in Australia and Africa. Project partners / divestment at appropriate opportunity to maximise return for shareholders

Core philosophy to minimise shareholder dilution and maximise earnings per share

Entering a significant period of growth over the next 3-5 years, targeting S&P/ASX 300 within 12 months

Introduction

~87.5M Shares on Issue (MHM) and ~27.5M Options (MHMO)

Current share price \$1.21 (market cap ~\$148M fully diluted), 52-week range \$1.32 – \$0.16

Cash at 30 June 2010 ~ \$2.3M

Top twenty shareholders control ~30% voting rights

Predominantly retail investors, no known institutional investors / funds at present

Limited promotion of company during last six months as management focused on fundamentals of the aluminium business and positioned company to expand overseas – this is about to change!

12 Month Chart



News flow

Recent events (“why the re-rating?”)

7 September 2010 – Director buying

15 September 2010 – Confirmation of visit from Alcoa, gross revenues for July and August

1 October 2010 – Research report with \$3 per share price target

Anticipated events

Commencement of feasibility study / JV discussions with Smelter Service Corp

Completion of upgrade of Australian operations and commencement of reprocessing landfilled salt slag

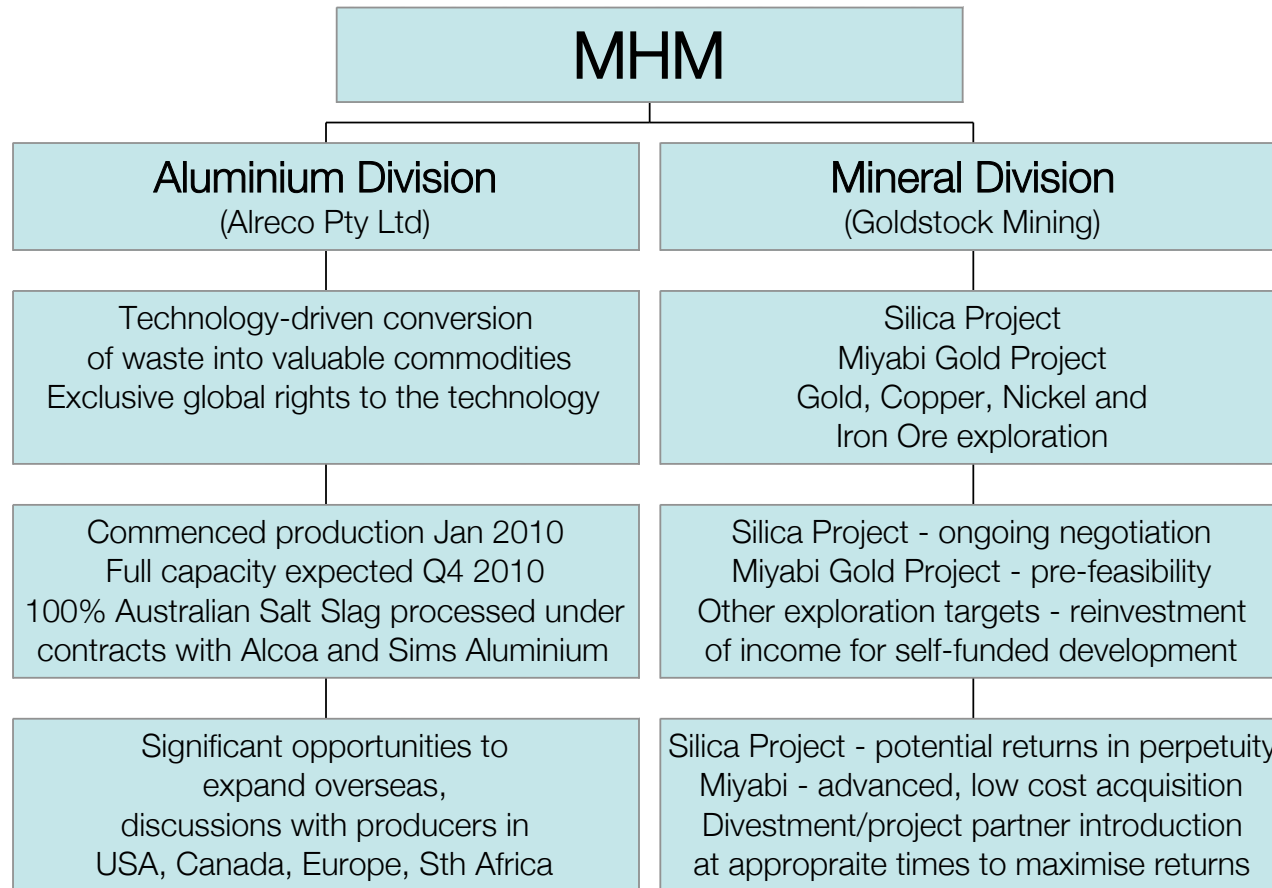
Acquisition of 100% of rights to Australian Alcoa contracts (increased revenues)

Contract discussions with Alcoa

Other salt slag opportunities in the USA

Silica project developments

Miyabi Gold Project update



Alreco Pty Ltd



Aluminium Division

Alreco Pty Ltd is 100%-owned operating subsidiary. Owns the exclusive global rights to a proprietary technology to process waste (aluminium salt slag) from the secondary aluminium industry

Salt slag is byproduct of secondary smelting; scrap aluminium is smelted with salt and potassium chloride. Once the molten aluminium is poured off the remainder is a waste residue known as aluminium salt slag

The technology provides a landfill free solution and processes the salt slag into aluminium (10-20%), salt (50%) and aluminium oxide (30-40%)

In Jan 2010 acquired salt slag processing business from Sims Metal Management (ASX:SGM). Facility to be upgraded to implement closed loop technology, no interruptions to operations during upgrade

Processing contracts to treat aluminium salt slag and aluminium dross negotiated with Alcoa and Sims. Alreco processes 100% of the salt slag produced in Australia, no competitors. Operating model largely insulates Company from fluctuations in the aluminium price and USD/AUD

Access to Alcoa landfill containing 160,000 tonnes of salt slag, including between 16,000 and 32,000 tonnes of aluminium (to be processed over 5 year period)

Anticipated EBITDA profits of \$230,000 per month during upgrade, increasing to \$8.6 million per annum at full capacity (expected November 2010)

Project Background

Salt slag traditionally placed in landfill, EPA no longer permits. Industry cannot continue to operate without a viable solution. Waste designated as 'hazardous' in every western country except USA, as material can leach ammonia and heavy metals

Frank Rogers and Peter Robertson working with the Aluminium Industry since 1998; developing 'ALNAK' technology, building pilot plant, testing landfill, progressing relationship with Alcoa

Independent Directors of MHM appointed financial and technical experts to assess acquisition of Sims business and global rights to technology. Financial and technical due diligence was satisfied and transaction settled on 15 January 2010

The Sims business that has been acquired was operated by Sims to process aluminium salt slag and other material. The Sims process, however, is not "closed-loop" and still required a significant proportion of the waste to be sent to landfill

Alreco is continuing to operate the Sims process and the technology upgrade will be implemented concurrently. However, the post-processing residue that was being landfilled by Sims is now being stockpiled by Alreco and will be re-processed once the upgrade is completed. This will extract the remaining commodities from the residue and result in nothing going to landfill

Exact timing of upgrade completion dependent on council approvals, expected Nov 2010

Financial Detail: Australian Operations

Aluminium salt slag business and underlying land purchased from Sims for \$3.0M, with a further \$2.0M being spent on the technology upgrade

Three-year contract with Alcoa to process between 11,000 and 13,000 tonnes of aluminium salt slag per annum, for \$300 per tonne. Alcoa retains ownership of recovered metal and salt, Alreco retains aluminium oxide

One year contract with Sims to process aluminium salt slag, aluminium non-salt slag and aluminium dross, details of contract confidential at request of Sims

Access to Alcoa-owned landfill to process 160,000 tonnes of material. Landfill contains between 16,000 and 32,000 tonnes of aluminium, 80,000 tonnes of salt and 48,000 to 64,000 tonnes of aluminium oxide. Alcoa has relinquished ownership of any material that is reclaimed

The interests of Frank Rogers and Peter Robertson as owners of the Alcoa processing and Alcoa landfill contracts have not yet been acquired by MHM. The relationship has been structured as a profit-sharing arrangement initially, to allow a period of operation prior to acquisition (vend for MHM equity) that will allow the most accurate valuation to be obtained rather than upfront pricing and acquisition. Alreco earns 60% of the profits from the Alcoa contract and Alcoa landfill processing until the acquisition of remaining rights occurs. The profit share is only for these two contracts and only for Australian operations. Alreco owns 100% of the Sims contract, the plant, equipment and land, and any overseas expansion.

Financial Detail: Australian Operations

Aluminium Salt Slag Project results to date:

18 January to 31 March 2010 (73 days)

Gross Revenues \$1,636,000

Net Profit \$923,000 with unbilled work in progress of \$195,000

Plant throughout 6,668 tonnes (33,340 tonnes annualised)

1 April to 30 June 2010

Gross Revenues \$1,268,000

Net Profit \$379,000

Plant throughput 6,960 tonnes (27,840 tonnes annualised)

Profitability reduced due to one-off landfilling expenses and lower throughput due to Alcoa maintenance shutdown

International Growth

USA market potential - primary focus after Australia

Around 1 million tpa of salt slag is produced in the USA (25,000 tpa produced in Australia)

Expansion into the USA originally planned for Q1 2011, brought forward

Salt slag can still be landfilled in the USA but industry has invested significant sums of money to unsuccessfully address issue. Industry increasingly aware of value of landfilled materials, environmental benefits of salt slag treatment and salt slag landfill reclamation

Canadian market potential

Salt slag not permitted in landfill. Inquiries from Canadian aluminium company received

European Market Potential

Salt slag landfill is not permitted in Europe. Two competing European salt slag processing technologies, Alreco's technology has considerable Capex and Opex competitive advantages due to different nature of process

Inquiries from several European aluminium companies to conduct feasibility

Opportunities exist for Alreco in any jurisdiction that salt slag is produced – any country that has an active secondary aluminium industry

Expansion into USA

Alcoa, Inc.

Alcoa publically stated desire for no landfill by 2015, discussions to be global partner to achieve this goal

Alreco has received keen interest in two processing facilities in North America with a combined capacity of 400,000 tpa. 8 salt slag landfills that present immediate targets for reclamation

Preliminary contract discussions with Alcoa USA have commenced

Smelter Service Corporation

Mid-tier aluminium producer. Processes scrap and aluminium dross for Alcoa and others.

Produces 90,000 tpa salt slag and owns 350,000 tonne single purpose, mono-fill salt slag landfill believed to be suitable for reprocessing

Discussions for Joint Venture for both SSC's operations and more generally throughout region and USA. Expected to be complementary to discussions with Alcoa, not contradictory

Feasibility scheduled to conclude by 30 June 2011 with a view to commencing construction

Believed similar profit margins can be achieved (subject to results of feasibility study). However, note that Alreco owns 100% of any international operations and does not have to share profits as in Australia.

Competition / IP Protection

Competitors

MHM has conducted extensive patent review and analysis of competing salt slag processing technologies

Alternate processes are fundamentally different, and MHM's ALNAK technology has significant capital and operating expense competitive advantages over the alternatives

This view has been confirmed by discussions with a number of aluminium companies that are familiar with competing technologies

IP Protection

MHM has exclusive global rights to the ALNAK technology

The technology providers opted not to apply for a patent for the technology, rather has adopted a 'black box' trade secret approach. Issues surrounding ability to administer patent rights in every jurisdiction, perceived difficulties in protecting processing patents and an unwillingness to 'advertise' to the world how the process operates

MHM is comfortable with the IP protection procedures in place

Environmental Benefits

Landfilled salt slag causes significant environmental problems – releases ammonia into air and metals into groundwater. No landfill means no contamination issues

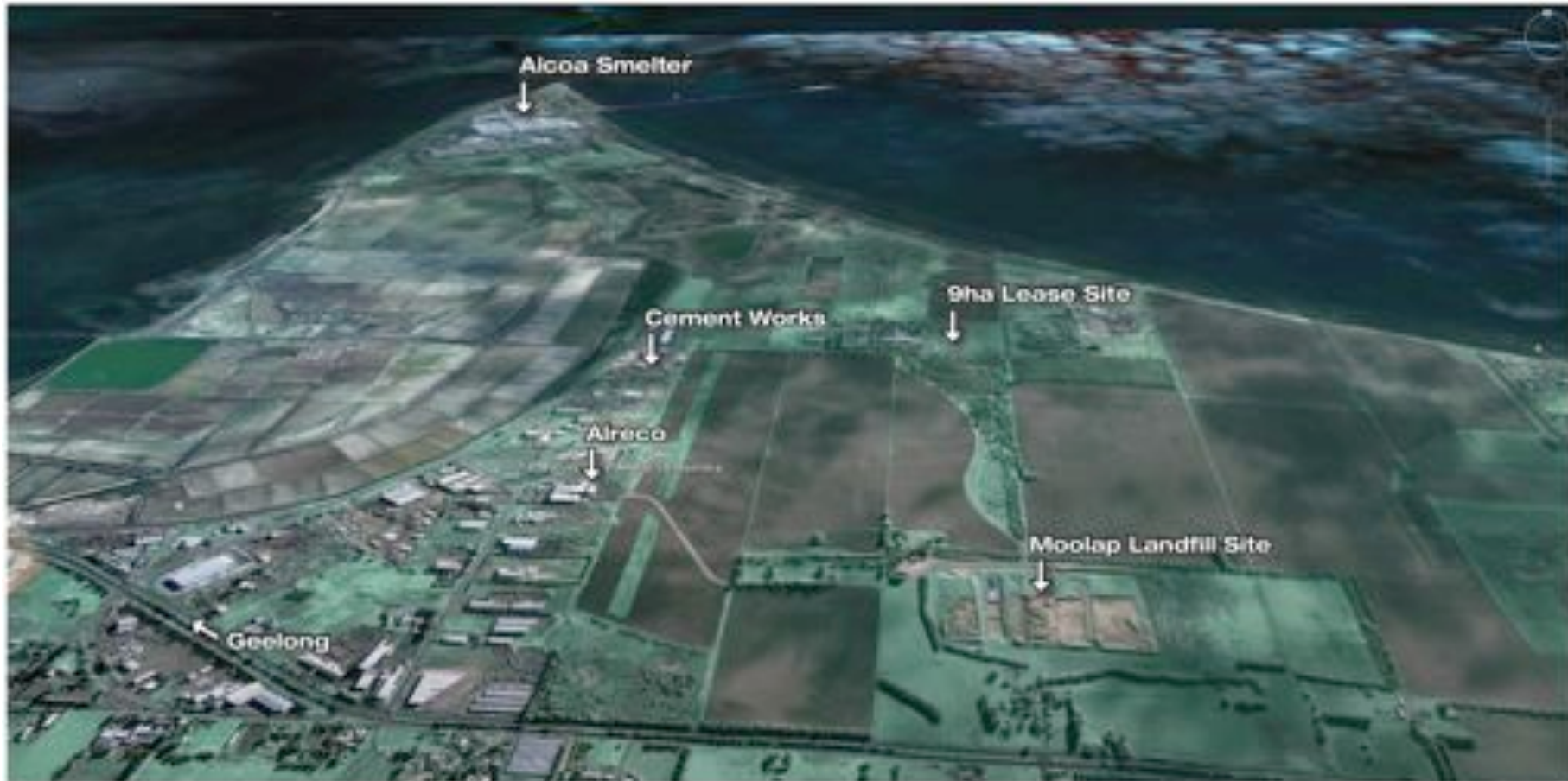
Significantly reduced energy consumption by producing aluminium from salt slag waste, as compared to primary sources; requires 95% less energy than required to produce aluminium from bauxite

Australian Aluminium Council states that primary aluminium production results in 3.1 tonnes of CO₂ per tonne of metal. Alreco Process uses 95% less energy, so will reduce CO₂ output by approximately 2.945 tonnes of CO₂ per tonne of metal. The Alcoa landfill alone is understood to contain between 16,000 and 32,000 tonnes of metal, resulting in a saving of between 47,000 and 94,000 tonnes of CO₂ from emission. When the Alcoa processing agreement and Sims processing agreement is taken into consideration, this figure increases further

The Australian Aluminium Industry has been promoting the 'Green Can' concept – an infinitely recyclable product with no resultant waste. This is only achievable due to the technology being implemented by Alreco

Alreco is looking to implement an evaporation plant into the circuit, to produce an instant crystalline salt from the salt slag treatment (as opposed to the use of evaporation ponds). This will result in the saving of approximately 120,000,000 litres of water per year

Australian Operations



Australian Operations



Australian Operations



Additional Technologies

Aluminium oxide processing

MHM has acquired the exclusive rights to a technology under development to value add the aluminium oxide residue

In Australia, over 50,000 tpa of NMP is produced in addition to that produced by Alreco. Possible opportunity to increase revenues by securing additional supply

USA produces 10 times the volume of aluminium oxide than produced by Australia

SPL processing

MHM has acquired the exclusive rights to a technology under development to process Spent Pot Lining (SPL) into valuable commodities

Australia produces 38,000 tonnes of Spent Pot Lining per annum while USA produces some 230,000 tonnes

The process to be used by MHM converts SPL into carbon, fluorine products and refractories for reuse in the aluminium industry

The revenue potential from the treatment of SPL is substantial

Mineral Division



High purity silica, Cape Sorell Tasmania

Development Strategy / Rationale

MHM has a suite of mineral projects at various stages of development:

Advanced

High Purity Silica Project (Tasmania)

Miyabi Gold Project (Africa)

Less advanced

Thomas Creek Porphyry Copper Gold Project

Hill 99 Polymetallic Project

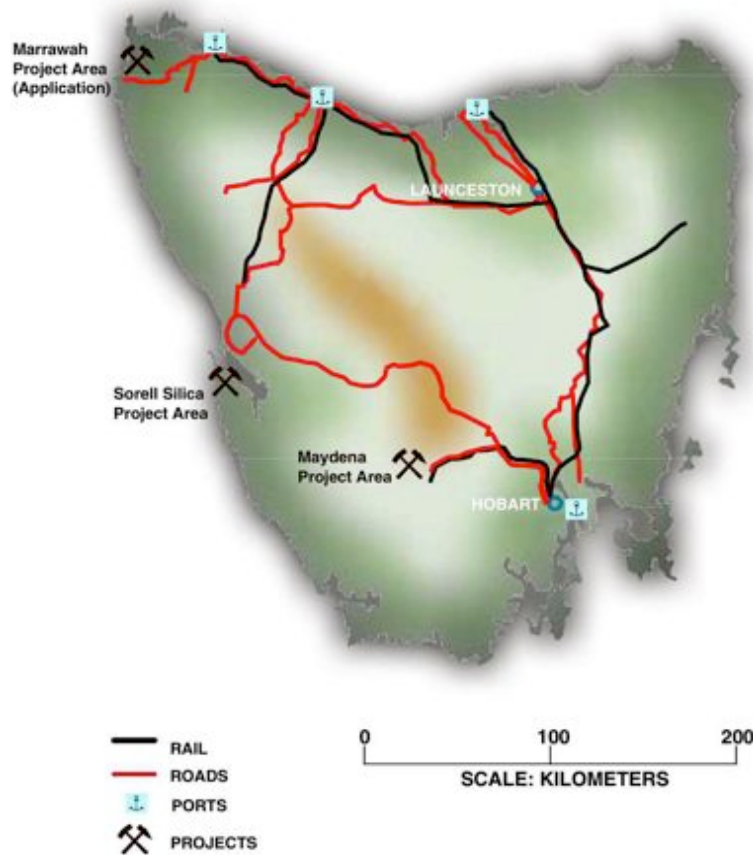
Hibbs Ultramafic Nickel Project

Double Cove Iron Ore Project

Management believes the mineral projects have the ability to deliver substantial value to shareholders, and as such have a responsibility to maximise the return on these assets

A small proportion of profits will be reinvested into these projects for self-funded development, and project development partners and/or divestment will be considered at appropriate times

Silica Project



Silicon metal is a strategic high-tech commodity: applications in the production of photovoltaic cells, computer chips and diverse range of products that increase efficiency and reduce energy consumption

Demand for silicon metal increasing exponentially due to high-tech and renewable energy applications of the commodity

Continuing off take negotiation and project development discussions

MHM owns what we believe to be the only areas of high purity silica mineralisation in Tasmania that could provide feedstock for a silicon smelter

Offtake Discussions

MHM is conducting offtake discussions with a number of parties at various stages of development

Wacker Chemie AG: Founded in 1916, Wacker is a diversified chemicals company based in Munich, with operations in five continents and ~15,000 employees. 2008 sales of €4.3 billion, EBITDA of €1.05 billion

World-leader in production of silicon metals for chemical applications, silicon wafers for the semiconductor industry and a major producer of hyperpure polysilicon used in the photovoltaic solar energy market

Reported in media to be considering \$500M investment in Tasmanian silicon smelter, MHM has confirmed discussions but has not commented on specifics of reported projects

Multinational Chemical Company (USA): Unnamed American silicon multi-national reported by Tasmanian State Treasurer to be considering silicon smelter proposal, MHM has not confirmed or denied reports

MHM is also in discussions with other parties for the development of the Tasmanian silicon smelting concept, and also for the exportation of silica as a feedstock for existing international operations

Silicon Smelting in Tasmania

Silicon metal is produced when silica is smelted with carbon to produce silicon

Essentially three tonnes of silica together with one tonne of charcoal or low-ash, low-sulphur coal are smelted using ~12MW electricity to produce one tonne of silicon metal

This silicon metal is then further processed and utilised in a variety of ways from computer circuitry to solar panels to construction materials and cosmetic products

Tasmania is a premier global location for such a silicon smelter:

- ✓ World-class quartzite with respect to purity and magnitude
- ✓ 100% renewable energy available the process (hydro-electric power)
- ✓ Charcoal produced by the collection of forest waste and / or plantation timber: at present this forest-waste is burnt in 'post harvest operations'. No further benefit is derived from this waste, and post harvest burns can cause localized air quality problems. A silicon smelter could utilise a significant proportion of this waste, with charcoal produced in a closed-loop operation with significantly reduced emissions. The waste heat from the process could also be used to generate additional renewable electricity

Ongoing Exploration

MHM has commenced ramp-up of exploration for gold, nickel, copper and polymetallics on existing project areas

Project development partners / divestment will be considered at appropriate opportunities

MHM project areas contain a diversity of rock types including the highly prospective Mt Read Volcanics with structural complexity of a type that augers well for mineral discovery

Number of targets with significant potential:

- ✓ Thomas Creek Porphyry Copper-Gold Project – highly prospective target. Reinterpretation of previous exploration and drilling suggests extensive mineralised zone (4km by 2km). Strikingly similar signatures to Cadia-Ridgeway (Newcrest, NSW) discovery. Drilling planned 2011
- ✓ Hill 99 – outcropping massive iron sulphide. Sulphide gossan float with highly chloritised rocks and coincident copper and zinc soil anomaly over 400m strike length. The target contains an extensive alteration package of the type that hosts the Henty gold and Hellyer zinc mineralisation

Miyabi Gold Project

MHM has entered a binding Letter of Intent with AIM-listed African Eagle Resources plc to acquire a 75% interest in the Miyabi Gold Project, located in Tanzania, Africa

Classification	Tonnage (Mt)	Grade g/t Au	Ounces (Moz)
Indicated	7.88	1.45	0.37
Inferred	4.49	1.01	0.15
Total	12.37	1.29	0.52

Miyabi resource estimate using 0.5g/t cut off

Amenable to open-pit processing, mineralisation commences at surface to a depth of at least 100 metres. The resource occurs over a distance of 3.5 kilometres, with significant potential for discovery of new extensions along strike

Presently undertaking pre-feasibility study and metallurgical test work (results November 2010)

No minimum expenditure requirement for MHM to acquire interest, simply fund development until 'Decision to Mine'

Directors and Senior Management

Basil Conti FCA FCIS FTIA, *Chairman*

A CPA with over 35 years experience in corporate governance and management with ASX-listed and private enterprise corporations

Frank Rogers, *Managing Director*

Forty years experience in process engineering, mining, exploration and public company management

Ben Mead B.Ec, *Executive Director*

Diverse commercial management and business development experience in Australia, United Kingdom and the United States

Peter Robertson B.E. (Met) MBA, *Non-Executive Director*

A metallurgist with extensive experience in process development and engineering in the aluminium industry

Dr. Neil Allen B.Sc PhD, *Non-Executive Director*

A mineral physicist with extensive exploration and mineral dressing experience in Tasmania

Conclusions

Cashflow positive Australian aluminium project – anticipated EBITDA profit of \$8.6M pa once operating at full capacity, minimum \$230,000 per month during plant upgrade

Significant immediate growth potential in USA, commencement of feasibility / JV discussions with SSC and ongoing discussions with Alcoa

Business growth driven by aluminium industry

Ability to minimise dilution to shareholders through debt financing, grants, low interest loans and self funded development

Silica project is a simple mining and processing operation that has potential to generate returns in perpetuity

Significant medium to long term potential for gold, nickel, copper and iron ore projects with project development partners / divestment at appropriate opportunities

MHM Director's and Management have a significant stake in the Company and are committed to generating prosperity for all Shareholders in the short, medium and long term



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Information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Richard Lindsay (Exploration Manager for MHM) who is a member of the Australian Institute of Geoscientists. Richard Lindsay has sufficient experience which is relevant to the style of mineralization and type of deposits under consideration and to the activity which 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”. Richard Lindsay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



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