
Advanced African Gold Project Joint Venture

ASX Release – 14 May 2010

Highlights

- MHM enters Letter of Intent concerning Joint Venture with AIM-listed African Eagle Resources PLC, to acquire up to 75% of African Eagle Resources PLC's interest in the Miyabi Gold Project in Tanzania, Africa
- Indicated and Inferred JORC compliant resource of 12.2MT at 1.3 g/t containing 520,000 oz using a 0.5g/t cut off
- Indicated and Inferred JORC compliant resource reduces to 6.3MT at 1.82g/t containing 370,000 oz using a higher 1g/t cut off
- Resource is 71% Indicated and 29% Inferred
- Potential to expand the resource
- Near surface mineralisation suitable to open pit processing
- Preliminary metallurgy indicates free-milling gold with 95% recovery
- Located within historic gold mining belt with significant growth potential
- MHM to self-fund project development to Decision to Mine from aluminium division's income stream

Macquarie Harbour Mining Limited (**MHM** or the **Company**) is pleased to announce the signing of a Letter of Intent (**LOI**) with African Eagle Resources PLC (AIM:AFE) (**African Eagle**) concerning a Joint Venture in respect of African Eagle's Miyabi Gold Project located in the Lake Victoria Goldfields, Tanzania.

Miyabi Gold Project

The Miyabi Gold Project is located in the Lake Victoria Goldfields of northern Tanzania. Miyabi has an Indicated and Inferred JORC compliant resource of 12.2MT at 1.3g/t containing 520,000 oz using a 0.5g/t cut off, which decreases to 6.3MT at 1.82g/t containing 370,000 oz using a higher 1g/t cut off. The resource is 71% Indicated and 29% Inferred.

The resource occurs in four main deposits over a distance of 3.5km in discreet lenses within Archaean age greenstones. The delineated resource commences at surface and continues to depths of at least 100 metres.

African Eagle, through its wholly-owned subsidiary Twigg Gold Ltd (**Twigg**), discovered the deposits in 1999 using geochemistry and have since explored a part of the hinge zone linking the Siga-Mabale greenstone belt and the Nzega greenstone belt (Figure 1). Within this hinge zone, Twigg located a 14km² gold anomalous zone named the Miyabi Structural Corridor (**MSC**).

The mineralised lenses fall within the MSC, which trends North East. There is upside potential for discovering new extensions along strike and at depth to all of the four mineralised deposits as well as potential for developing other early stage prospects nearby.



macquarieharbour
mining

ABN 41 124 212 175

Corporate Detail

ASX Codes:
MHM, MHMO

Issued Capital:
87.5M Ordinary Shares
27.5M Listed Options

Substantial Shareholders:
Rogers Southern PL 12.34%
Directors 14.7%
Top Twenty 31.8%

Directors

Chairman
Basil Conti FCA, FCIS,
FTIA

Managing Director
Frank Rogers

Executive Director
Ben Mead B.Econ

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

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

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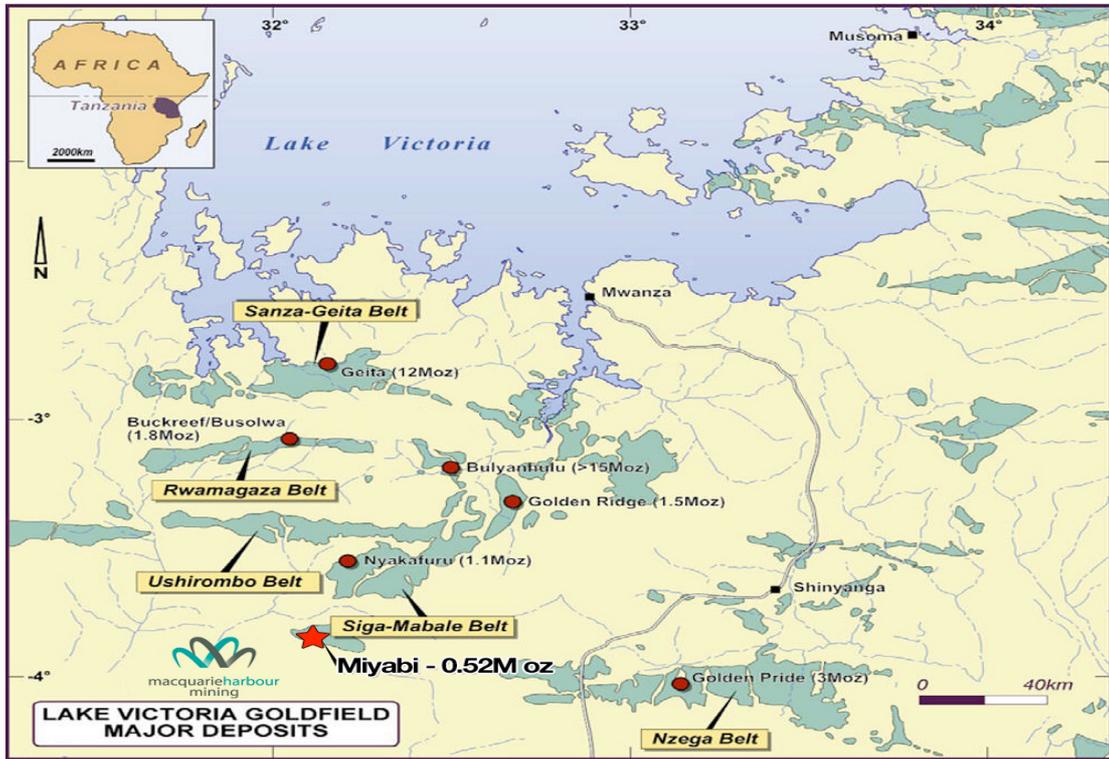


Figure One: Producing mines in the Lake Victoria Goldfields

In 2006, SRK Consulting (UK) Ltd produced an independent resource statement, as quoted. MHM believes that by re-analysing the geological and grade data and by varying the grade cut offs it may be possible to define higher-grade zones to optimise the economics.

Preliminary metallurgical tests have indicated that the gold is free-milling and has a median recovery of 95% using a range of oxide, transition and fresh material with nominal consumption of reagents. Some oxidised material is present that may be amenable to heap leaching.

Prospecting Licences covering the Miyabi prospects are held by Tanzanian nationals with whom Twigg has underlying agreements.

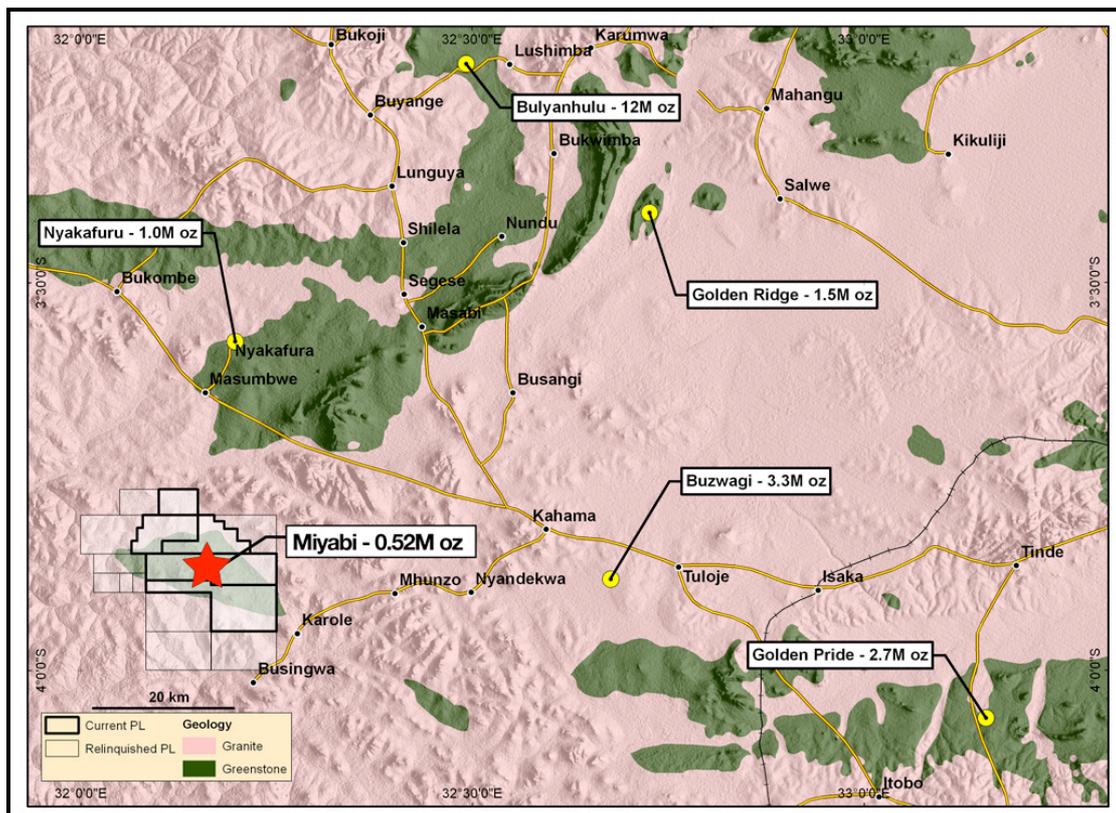


Figure Two: Location of Miyabi

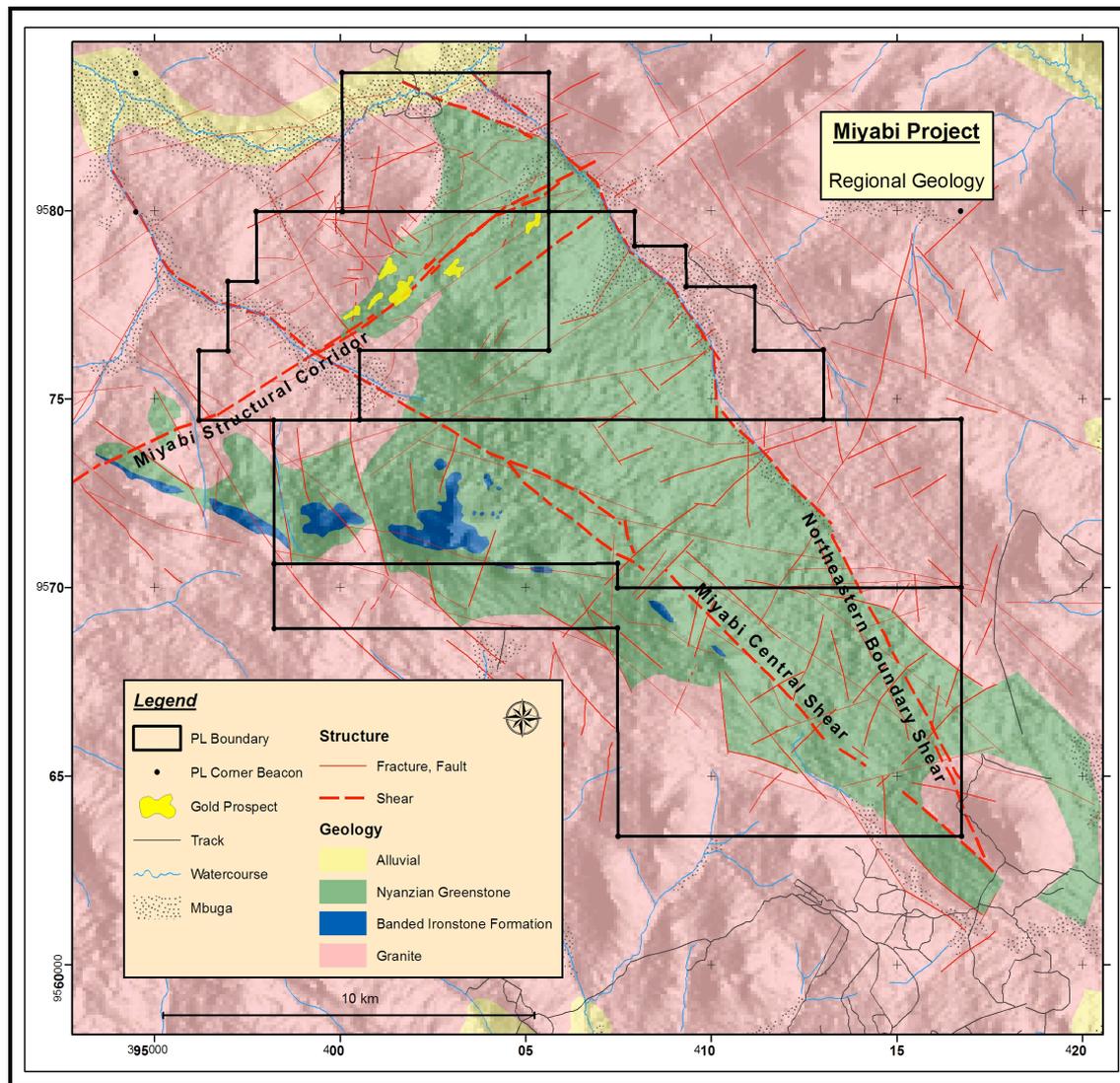


Figure Three: Geology of Miyabi Project

Terms of the Agreement with African Eagle Resources PLC

MHM and African Eagle (**the Parties**) have entered a binding LOI that specifies the terms for a Joint Venture between the companies, whereby MHM will acquire 75% of African Eagle's interest in the Miyabi Gold Project following MHM making a "Decision to Mine". MHM will not make any up-front payment to African Eagle, nor is there any minimum expenditure requirement that MHM must meet. Under the LOI, MHM will progress the project, incurring all costs, until a Decision to Mine is made at which point the Joint Venture agreement commences and MHM acquires 75% of African Eagle's interest in the project. In addition to African Eagle's ownership, a minor interest has been retained by local landowners.

At the inception of the Joint Venture, African Eagle will be deemed to have contributed its current exploration expenditure of USD6.5 million to the Joint Venture, and this sum shall operate as a credit against any cash calls made by the Joint Venture against African Eagle after the Decision to Mine and until that credit has been extinguished.

African Eagle has granted MHM an exclusive period of three months, extendable by a further three months at MHM's sole discretion, to review and conduct due diligence on the Miyabi title, data and other relevant information. MHM intends to commission a concept mining and economic study using SRK Consulting (UK) Ltd, to assist in defining a path forward for further exploration and pre-feasibility studies.

Following a Decision to Mine, the Parties will invest a minimum of 12% of pre-tax net revenue into exploration of the Miyabi Gold Project Area, contributed pro rata to their respective interests.

Development Program

MHM has engaged a Tanzanian-based team consisting of a Project Manager, Geologist and field staff. MHM's Australian-based Exploration Manager, Richard Lindsay, has extensive experience in the Tanzanian mining industry. Through his established networks and experience, MHM has been able to bring together a leading exploration and development team.

The development program for the Miyabi Gold Project is anticipated as follows;

Initial Evaluation

- Due diligence examination of previous exploration
- Review of Tanzanian Mining Law and agreements between Twigg and local interests
- Review of metallurgical testwork
- Preliminary feasibility study into operating costs to be conducted by SRK Consulting
- Decision to proceed

Project Development

- Infill drilling
- Detailed metallurgical study
- Mine planning
- Costing of Operating and Capital costs
- Feasibility study
- Decision to Mine

MHM intends to self-fund the development via income derived from the Company's aluminium division. Following a decision to mine, MHM will evaluate the most appropriate method of funding the development of the mine.

Company Statement

Managing Director Frank Rogers comments *"This project has the potential to be the forerunner of MHM's move into establishing its Gold Mining Division. Other gold projects are under consideration with the view to establishing a gold-based revenue stream as soon as possible. This move follows on from the establishment of the successful Aluminium Division and adds support to the company's diversification strategy. MHM will also continue with its development of a Silica Division to derive value from its silica resources. This strategy of aggressively pursuing income-producing assets will be beneficial in assisting with the development of the company's longer-term exploration programs for gold, nickel and copper on the West Coast of Tasmania and provide a sound foundation on which to build the Company."*

Further Information

For further information please contact Frank Rogers or Ben Mead on +61 (0)3 6229 9955 or at www.mhml.com.au.

JORC Compliance Statement

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 mineralisation 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 "Australian Code for Reporting of 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.