



macquarieharbour
mining

Macquarie Harbour Mining Limited
ACN 124 212 175

RIGHTS ISSUE OFFER DOCUMENT

For a non-renounceable pro rata offer of New Shares at an issue price of \$0.20 each on the basis of 1 New Share for every 4 Shares held at the Record Date to raise approximately \$3.5 million before costs.

The last date for acceptance and payment in full is 5.00 pm (WST) 11 December 2009. Valid acceptances must be received before that time.

Underwriter
 **Sonray** Corporate
Sonray Corporate Pty Ltd
ACN 124 761 557
AFSL No. 316880

THIS IS AN IMPORTANT DOCUMENT. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER

IMPORTANT NOTICES

This Offer Document is issued pursuant to section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document was lodged with ASX on 16 November 2009. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

Applications

Applications for New Shares by Eligible Shareholders may only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Entitlement of an Eligible Shareholder to participate in the Offer. Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement. By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPAY[®] in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

No rights trading

The Offer is non-renounceable and Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer to Shareholders with a registered address outside Australia and New Zealand. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. [Please refer to Section 1.9.]

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority, or under or in accordance with the Securities Act 1978 (New Zealand) or other relevant law in New Zealand. This Offer document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Information publicly available

Information about the Company is publicly available and can be obtained from ASIC and ASX (including its website www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Offer Document and do not constitute part of the Offer. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

No representations other than as set out in this Offer Document

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any such extraneous information or representation in connection with the Offer may not be relied upon as having been authorised by the Company or any of its officers..

Responsibility and liability of underwriter

The Underwriter:

- has not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Offer Document;

- does not make, or purport to make, any statement in this Offer Document, and there is no statement in this Offer Document which is based on any statement by the Underwriter; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any part of this Offer Document.

Forward looking statements

This Offer Document includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements.

Definitions

Please refer to the glossary in Section 5 for terms and abbreviations used in parts of this Offer Document.

CORPORATE DIRECTORY**Directors**

Basil Conti (Chairman)

Frank Rogers (Managing Director)

Benjamin Mead

Peter Robertson

Dr Neil Allen

Secretary

Benjamin Mead

Registered Office

Level 1, 20 Kings Park Road

West Perth, WA 6005

Share Registry

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

Chairman's letter

Dear Shareholder

On behalf of the Board of Macquarie Harbour Mining Limited (**MHM** or the **Company**), I am pleased to invite you to participate in the fully underwritten, non-renounceable pro rata Rights Issue announced by the Company on 16 November 2009. This Rights Issue provides you with the opportunity to increase your investment in the Company and to further participate in the continued growth of the Company.

Eligible Shareholders will have the opportunity under the Offer to subscribe for 1 New Share for every 4 Shares held on the Record Date at the issue price of \$0.20 per New Share. The issue price represents a discount of 35% to the closing price of the Shares last traded on the ASX on 16 November 2009 and a 35% discount on the last 5 day volume-weighted average price of MHM shares to that date.

Please note that Entitlements under the Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

MHM has announced that it is in negotiations for the acquisition of an aluminium salt slag processing business and the rights to use associated proprietary technology. MHM is negotiating a contract under which a special purpose operating subsidiary, Alreco Pty Ltd, will process approximately 160,000 tonnes of landfill aluminium by-product and act as a sales agent with respect to the recovered material. Negotiations are continuing with two further parties with respect to processing agreements. The aluminium project is expected to provide an income for MHM commencing this calendar year. The Company will provide further details of the proposed acquisitions and processing agreements in due course. In order to finance this proposed acquisition, in October 2009 MHM undertook a placement in which 15 million Shares were issued resulting in a capital raising of \$3,000,000. MHM is now seeking additional funds for the purposes of working capital, whilst also providing all shareholders the opportunity to participate at an attractive price relative to current market. Accordingly this Rights Issue represents the best outcome available to MHM and its Shareholders to achieve these purposes.

The Rights Issue is, subject to certain terms and conditions, fully underwritten by Sonray Corporate Pty Ltd and will raise approximately \$3.5 million. Those funds will be applied by the Company in the manner described in Section 1.3. Following the Rights Issue MHM will have the available funding required to allow increased development of its silica and aluminium projects as well as accelerated exploration activities in respect of its substantial precious and base metals prospects in Tasmania.

The details of the Offer are set out in this Offer Document together with your personalised Entitlement and Acceptance Form. I encourage you to read the Offer Document in its entirety before making your investment decision. A description of risk factors that you may wish to consider is set out in Section 3.

On behalf of the Board, I commend this Offer to you and look forward to your continuing investment in the Company. I thank you for your ongoing support as a Shareholder of the Company.

Yours sincerely



Basil Conti
Non-Executive Chairman
Macquarie Harbour Mining Limited
16 November 2009

1. Details of the Offer

1.1 The Offer

MHM is making a fully underwritten, non-renounceable pro rata offer (**Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) to Shareholders who are on the Company's share register at 5.00 pm (WST) on 25 November 2009 (**Record Date**) (**Eligible Shareholders**). Eligible Shareholders will be entitled to apply for 1 New Share for every 4 Shares held at an issue price of \$0.20 each per New Share. The issue price is payable in full on application.

If all Shareholders take up their Entitlement under the Offer, up to 17.5 million New Shares will be issued (assuming no Options that have been issued by the Company are exercised prior to the Record Date) and the Company will raise approximately \$3.5 million before costs. The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

The New Shares will be fully paid and will rank equally with the Company's existing issued Shares.

1.2 Key dates

The Offer is open for acceptance until 5.00 pm (WST) on the Closing Date or such other date as the Directors, in conjunction with the Underwriter, shall determine, subject to the Listing Rules. Other key dates for the Offer are as follows:

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

The timetable outlined above is indicative only and subject to change. The Directors, in conjunction with the Underwriter, reserve the right to vary these dates, including the Closing Date, without prior notice but subject to the Corporations Act and the Listing Rules. 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. See Section 1.8 for further details.

1.3 Use of proceeds and effect of the Offer on the Company

The immediate financial effect of the Offer on the Company will be to increase cash reserves by approximately \$3.5 million (before costs). The Company intends to apply the funds raised in the following manner:

Use of proceeds	Indicative amount
Underwriting fees and other costs associated with the Offer	\$180,000
Working capital and funding for ongoing operations	\$3,320,000

The funds raised will be principally used to further development of the Company's silica and aluminium projects, to accelerate exploration activities and for general working capital.

The principal effect of the Offer on the Company's capital structure will be to increase the total number of issued Shares to a maximum of approximately 87.5 million Shares. The following table sets out the number of issued Shares at the date of the Offer and the total number of issued Shares at the close of the Offer based on the maximum number of New Shares that may be issued under the Offer:

Shares	Number
Issued Shares at the date of this Offer Document	69,995,760
Maximum number of New Shares that may be issued pursuant to the Offer*	17,499,540
Maximum number of issued Shares 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

Details of the effect of the Offer on control of the Company are set out in Section 0.

1.4 Entitlements

Each Eligible Shareholder who is registered as the holder of Shares at 5.00 pm (WST) on the Record Date is entitled to participate in the Offer. The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance Form accompanying this Offer Document.

You may accept all, or only part, of your Entitlement by completing the Entitlement and Acceptance Form and returning it in accordance with the instructions set out on the reverse of that form prior to the Closing Date. Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus Application Money will be returned to you. If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your rights to participate in the Offer will lapse and the New Shares not taken up by you will form part of the Shortfall.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in the Company diluted.

In determining Entitlements, any fractional entitlements have been rounded up to the nearest whole number of Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

1.5 Non-renounceable

The Offer is non-renounceable. This means that Eligible Shareholders are unable to sell or transfer their Entitlements to subscribe for New Shares. Any New Shares not subscribed for by Eligible Shareholders who take up their Entitlement will form part of the Shortfall and will be subscribed for by the Underwriter pursuant to the Underwriting Agreement. Further details about the Underwriter are set out in Section 1.6.

1.6 Underwriting

Sonray Corporate Pty Ltd has agreed to fully underwrite the Offer pursuant to an underwriting agreement with the Company (**Underwriting Agreement**). Subject to certain terms and conditions set out in the Underwriting Agreement, Sonray will subscribe or procure subscription for all New Shares relating to Entitlements that are not taken up under the Offer. Pursuant to the Underwriting Agreement, the Company has given warranties and covenants to the Underwriter which are customary in an agreement of this nature. A summary of the Underwriting Agreement is set out in Section 4.1.

1.7 ASX listing

The Company has made an application to ASX for Official Quotation of the New Shares. If ASX does not grant quotation for the New Shares, the Company will not allot any New Shares and all Application Money will be refunded without interest.

The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Offer or the New Shares under this Offer Document.

1.8 Refund of Application Money

Application Monies will be held in a subscription account established and held by the Company on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on any Application Money will be for the benefit of the Company and will be retained by the Company regardless of whether New Shares are issued under the Offer.

1.9 Distribution restrictions and treatment of foreign Shareholders

General

Neither this Offer Document nor the New Shares have been registered, and will not be registered, in any jurisdiction, including the United States under the Securities Act 1933. Neither this Offer Document nor the Entitlement and Acceptance Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The distribution of this Offer Document or the Entitlement and Acceptance Form (including electronic copies) in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Offer Document and the accompanying Entitlement and Acceptance Form may not be sent to investors in the United States or to any person acting for the account or benefit of a person in the United States. The Directors reserve the right to treat as invalid any Entitlement and Acceptance Form that appears to the Directors or the Company's agents to have been submitted in violation of any applicable securities laws.

Eligible Shareholders who are resident outside Australia or New Zealand should consult their professional advisers as to whether, in order to enable them to take up their Entitlements, any governmental or other consents are required or other formalities need to be observed.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlements and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form. The making of an application (whether by the return of a duly completed Entitlement and Acceptance Form or by the making of a BPAY[®] payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

Excluded Shareholders

The Company will not make an Offer to Shareholders with a registered address outside Australia or New Zealand (**Excluded Shareholders**). The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of Shareholders outside Australia and New Zealand;
- (b) the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

1.10 Risk factors

An investment in the Company involves many risks and should be regarded as being a speculative investment. The risks associated with an investment in the Company are set out throughout this Offer Document and, in particular, in Section 3 of this Offer Document. Before making an investment decision, Shareholders should read this Offer Document in its entirety and consult their professional advisors.

1.11 Enquiries

If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, please contact the Company's share registry, Security Transfer Registrars Pty Limited (**Share Registry**) by telephone on (08) 9315 2333 (within Australia) or +61 8 9315 2333 (outside Australia) or by facsimile on +61 8 9315 2233, the Company Secretary by telephone on +61 3 6229 9955 or consult your professional adviser.

2. Actions required by Shareholders

Acceptance of the Offer must be made by Eligible Shareholders on the Entitlement and Acceptance Form accompanying this Offer Document and must not exceed the Entitlement as shown on that form. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement and Acceptance Form.

2.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and arrange for payment of the Application Money in accordance with Section 2.4.

2.2 Allow all or part of your Entitlement to lapse

If you decide not to accept all or part of your Entitlement to New Shares, or fail to accept by the Closing Date, your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

If you do nothing, although you will continue to own the same number of Shares, your shareholding in MHM will be diluted.

2.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement under the Offer and allow the balance to lapse, please 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 arrange for payment of the applicable amount of Application Money in accordance with Section 2.4.

2.4 Payment and return of Entitlement and Acceptance Form

You may pay the Application Money by BPAY[®], cheque, money order or bank draft.

Payment by BPAY[®]

Those who elect to pay by BPAY[®] must follow the instructions for BPAY[®] described in the Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). Please note that should you choose to pay by BPAY[®] payment:

- (a) you do **not** need to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form; and
- (b) if you do **not** pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Money.

Applicants should be aware that their own financial institution may implement earlier cut off times with respect to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY[®] must be received by no later than 5.00 pm (WST) on 11 December 2009.

Payment by cheque, money order or bank draft

Those who elect to pay by cheque, money order or bank draft must follow the instructions described in the Entitlement and Acceptance Form. You must ensure that:

- (a) your Entitlement and Acceptance Form is complete;
- (b) your cheque, money order or bank draft for the applicable amount of Application Money must be made in Australian currency, drawn on an Australian branch of a financial institution, be made payable to "Macquarie Harbour Mining Limited" and crossed "Not Negotiable";
- (c) your completed Entitlement and Acceptance Form and cheque, money order or bank draft are received by the Company's Share Registry by no later than 5.00 pm (WST) on 11 December 2009 at the addresses set out below:

By delivery:	By post:
Security Transfers Registrars Pty Limited 770 Canning Highway APPLECROSS WA 6153	Security Transfers Registrars Pty Limited PO Box 535 APPLECROSS WA 6953

2.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding.

If the Entitlement and Acceptance Form is not completed correct, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3. Risk factors

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to take up their Entitlement, Shareholders should read the entire Offer Document and review announcements made by the Company to ASX (at www.asx.com.au under the code MHM) in order to gain an appreciation of the Company, its activities, operations, financial position and prospects.

Shareholders should also consider the following summary risk factors which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to increase their shareholding in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

Competition

The resource markets involve a number of participants. Current levels of demand may see an increase in production from existing market participants, the potential for past participants in the market to re-enter or new start up to emerge.

Resource Estimate

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

Exploration and operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions,

industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;

- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

Whether or not income will result from projects undergoing exploration depends on identifying economically viable minerals deposits, securing necessary mining and other approvals, the development of mine and transport infrastructure and the establishment of mining operations.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its mining tenements. Until the Company is able to realise value from its projects it is likely to incur ongoing operating losses.

Commodity prices

The Company expects to derive its revenue from the sale of a range of commodities.

Consequently, the Company's expected earnings will be closely related to the price of these commodities together with the terms of the off-take agreement(s) under which these metals will be sold.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Foreign exchange rates

The Company receives payments in United States dollars and converts the majority of these funds into Australian dollars, hence the Company is exposed to movements in exchange rates, the impact of which cannot be predicted reliably. The United States to Australian dollar exchange rate is affected by numerous factors beyond the control of the Company. These factors include Australia's and the United States' economic conditions and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Environment

The Company's Projects are subject to Tasmanian and Federal laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in

accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by applicable laws and regulations.

Title

The exploration licences comprising some of the tenements which the Company holds or in which it has an interest may be the subject of applications for extension in the future.

If a tenement is not extended, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

In addition, the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part.

Joint Ventures

The Company may wish to develop its projects or future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

Native title

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is some uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title is not extinguished by the grant of mining licences, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title. All tenements granted prior to 1 January 1994 are valid or validated. Tenements granted between 1 January 1994 and 23 December 1996 may be invalid if they fail to comply with the Native Title Act or for certain other reasons because of native title. However, such invalid tenements may be validated if certain statutory criteria are met. For tenements to be validly granted (or renewed) after 23 December 1996 the "right to negotiate" regime established by the Native Title Act must be followed.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining and exploration operations.

Mineral exploration and mining activities carry inherent risks

Exploration and mining operations are subject to the normal hazards encountered with these types of activities. These include incidents or conditions which could result in damage to plant or equipment or the environment and which could impact exploration activities or production throughput. Although it is envisaged that adequate precautions to minimise risk will be taken, there is a possibility of a material adverse impact on the Company's operations and its financial results.

Key personnel

Recruiting and retaining qualified personnel are important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

Lack of binding agreements for aluminium project

The Company has not entered into any final, legally binding agreements in respect of the proposed aluminium project. There can be no guarantee that the Company will ultimately be able to proceed with the acquisition of the salt slag processing facility and associated technology and enter into processing agreements on terms satisfactory to the Company or at

all. If the aluminium project completes, there can be no guarantee that the results and cash flows generated by the project will be in line with the Company's expectations.

Future capital requirements

The Company may require further financing in the future, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price (or Offer price) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and this could have a material adverse affect on the Company's activities and could affect the Company's ability to continue as a going concern.

Liquidity risk

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time, particularly given the large shareholding of [Rogers Southern Pty Ltd] and the relatively small free float of Shares. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

Investment risk

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

4. Additional information

4.1 Underwriting Agreement

The Company and Sonray Corporate Pty Ltd have entered into the Underwriting Agreement pursuant to which Sonray has agreed to fully underwrite the Offer on the terms and conditions contained in that agreement.

Under the Underwriting Agreement, Sonray is required to subscribe for all New Shares in respect of which a valid application is not received. The Company has given warranties, covenants and indemnities to Sonray which are customary in an agreement of this nature.

The Underwriter may appoint sub-underwriters to sub-underwrite the Offer. The Underwriter is responsible for paying all fees and commissions due to sub-underwriters and brokers appointed by the Underwriter in respect of the underwriting of the Offer.

Termination

The Underwriting Agreement provides that Sonray may terminate the Underwriting Agreement and its obligations under the Underwriting Agreement if, among other things, prior to the last of the New Shares being allotted:

- (a) Sonray becomes aware of any information in this Offer Document which is untrue, incorrect or misleading in its contents in a material manner or Sonray becomes aware of any material omission in this Offer Document;

- (b) any material default by the Company or any of its subsidiaries in the performance of its obligations under the Underwriting Agreement;
- (c) a contravention by the Company of any provision of the its constitution (including a contravention by a subsidiary of any provision of its constitution), the Corporations Act, the ASX Listing Rules or any legislation of the Commonwealth of Australia or any State or Territory of Australia;
- (d) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its material subsidiaries;
- (e) any judgment for the payment of money in excess of A\$250,000 has been rendered against the Company or any of its material subsidiaries and set aside or satisfied within 5 business days;
- (f) the Australian government adopts or announces any changes in any applicable law or government policies;
- (g) at any time prior to the allotment of the last of the New Shares:
 - (i) the Company or any of its material subsidiaries is wound up;
 - (ii) a meeting is called to consider a resolution for the winding up of the Company or any of its material subsidiaries;
 - (iii) the Company or any of its material subsidiaries enters into a scheme of arrangement for the benefit of its creditors; or
 - (iv) the Company or any of its material subsidiaries is placed in administration or a receiver and manager of any of its assets is appointed;
- (h) except for the New Shares issued under the Offer and the issue of shares on the exercise of any option over unissued ordinary shares which option exists at the date of this Agreement, the Company or any of its material subsidiaries issues or allots any shares, options or other securities of any nature (including warrants);
- (i) Official Quotation has not been granted or, having been granted, is subsequently withdrawn, withheld or qualified;
- (j) ASIC gives notice of an intention to hold a hearing, examination or investigation, or it requires information to be disclosed in connection with the Offer or the Company; or
- (k) the S&P/ASX 200 Index, as published by ASX, is at any time after the date of the Underwriting Agreement, 10% or more below its level as at the close of business on the business day prior to the date of this Agreement.

The Company will pay Sonray a fee of up to \$52,500 (plus GST) in respect of the underwriting.

4.2 Effect of the Offer on control of the Company

If all Eligible Shareholders take up their Entitlements in full, then the Offer will have no effect on the control of the Company.

If some Eligible Shareholders do not take up all of their Entitlement under the Offer, then the shareholding interests of those Eligible Shareholders in the Company will be diluted.

The proportional interests of Excluded Shareholders may be diluted because such Shareholders are not entitled to participate in the Offer.

- 4.3** If the Shareholders take up none or only some of their entitlements under the Offer then the Offer will have no effect on control of the Company. The Company has been advised by the Underwriter, Sonray Corporate Pty Ltd, that the issue is sub-underwritten by a number of separate parties, who are not associated with the Company. If no shareholder takes up its entitlement and the sub-underwriters subscribe for all the shortfall shares pursuant to the Rights Issue, the maximum voting power that any sub-underwriter could have post the Offer is 6% of the fully diluted share capital of the Company.

All Entitlements will be rounded up to the nearest whole number of New Shares.

If the Company reasonably believes that a Shareholder has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage from the rounding up of Entitlements, then the Company reserves the right to round the Entitlement of such holdings so as to provide only the number of New Shares that would have been received but for the splitting or division.

4.4 Tax

Shareholders should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under the Offer. The Company does not accept any responsibility in this regard, and Shareholders should consult with their professional tax adviser.

4.5 Privacy

The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purpose of the Privacy Act 1988 (Cth). The Company (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Company's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

5. Glossary

In this Offer Document:

\$ means Australian dollars, unless otherwise specified.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form.

Application Money means the aggregate amount of money payable for New Shares applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 trading as the Australian Securities Exchange.

Closing Date the last day for payment and return of Entitlement and Acceptance Forms, being 5.00 pm (WST), 11 December 2009.

Company Secretary means the company secretary of the Company.

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder at the Record Date who is not an Excluded Shareholder.

Entitlement means the number of New Shares that a Shareholder is entitled to apply for under the Offer, as determined by the number of Shares held by that Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Excluded Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Listing Rules means the official listing rules of ASX.

MHM or Company means Macquarie Harbour Mining Limited ACN 124 212 175.

New Share means a new Share to be issued under the Offer.

Official Quotation means "quotation" (as that term is used in the Listing Rules) of all of the New Shares on ASX when allotted which if conditional may only be conditional on customary pre-quotation conditions.

Record Date means 5.00 pm (WST) on 25 November 2009 or such other date as may be determined by the Directors.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Security Transfer Registrars Pty Limited ACN 008 894 488.

Shortfall means the number of New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders before the Closing Date.

Underwriter means Sonray Corporate Pty Ltd ACN 124 761 557.

Underwriting Agreement means the underwriting agreement between the Company and Sonray Corporate Pty Ltd dated 16 November 2009.

WST means Australian Western Standard Time.