

Minara Resources Limited ABN 23 060 370 783
Level 4/30 The Esplanade Perth WA 6000
PO Box Z5523 St George's Tce Perth WA 6831
T +61 8 9212 8400 F +61 8 9212 8401
E minara@minara.com.au
www.minara.com.au



29 October 2008

The Manager
Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir

Renounceable Rights Issue

Minara Resources Limited ACN 060 370 783 (the **Company**) is pleased to announce that it will be undertaking a fully underwritten, renounceable pro rata rights issue (**Rights Issue** or **Offer**) to holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand or Switzerland (**Eligible Shareholders**) as at 5.00 pm (AWDT) on 10 November 2008 (**Record Date**).

Pursuant to the Rights Issue, the Company will issue up to 700,680,000 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.30 each, to raise approximately \$210 million (before costs). The issue price represents a discount of 12% to the closing price of \$0.34 for shares in the Company last traded on the Australian Securities Exchange Limited (**ASX**) on 28 October 2008 and a 32% discount to the last 5 day volume weighted average price of \$0.44 in the period to 28 October 2008.

The New Shares will be offered on the basis of 3 New Shares for every 2 fully paid ordinary shares (**Shares**) held in the capital of the Company as at the Record Date (**Entitlement**). The rights to subscribe for the New Shares in accordance with an Entitlement under the Offer (**Rights**) will be renounceable.

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.

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: 467,113,164
- Maximum number of New Shares to be issued under the Offer: 700,680,000
- Maximum number of Shares on issue upon completion of the Offer: 1,167,793,164

The Rights Issue is being fully underwritten by Glencore International AG (**Glencore**), which presently holds approximately 56.1% of the issued Shares. Subject to the terms of the underwriting agreement between Glencore and the Company, Glencore will subscribe for all New Shares relating to Entitlements that are not taken up under the Offer.

The Company will use the proceeds raised by the Offer to repay short term funding, to fund committed capital expenditure, for working capital and funding for ongoing operations and to meet Offer costs.

Minara has entered into short term funding arrangements with Glencore in respect of the long term offtake agreement between the parties pursuant to which Glencore has agreed to a deferral in balancing payments due by Minara on account of nickel and cobalt deliveries. The Company expects that the amount owing to Glencore under these arrangements as at the end of November 2008 will be approximately US\$47 million (approximately A\$73 million at an exchange rate of US\$0.65:\$A1.00). The final amount owing under these arrangements will depend on movements in the spot nickel and cobalt prices and in the exchange rate.

All Eligible Shareholders may participate in the Offer, subject to applicable foreign offer restrictions. The Company will appoint an ASIC-approved nominee to sell the Rights to which Shareholders with registered addresses outside Australia, New Zealand or Switzerland (**Excluded Shareholders**) at the Record Date would otherwise have been entitled. The net proceeds of the sale of those Rights (if any) will then be forwarded as soon as practicable to Excluded Shareholders.

Proposed timetable

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

Event	Date
Rights Issue / Offer announced via ASX	29 October 2008
Offer Document lodged with ASX	29 October 2008
Shares quoted on an "ex" basis	3 November 2008
Rights trading commences	3 November 2008
Record Date to identify Shareholders entitled to participate in issue	10 November 2008
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders	14 November 2008
Rights trading ends	21 November 2008
Closing date for acceptance and payment	28 November 2008
Issue of New Shares and despatch of holding statements	5 December 2008
Commencement of trading of New Shares	8 December 2008

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.

Notice under section 708AA of the Corporations Act 2001 (Cth)

The Company provides the following information:

- (a) The Company will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (the **Act**).
- (b) The Company is providing this notice under s708AA(2)(f) of the Act.

- (c) As at the date of this notice, the Company has complied with:
- (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act.
- (d) As at the date of this notice, there is no information:
- (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - B. the rights and liabilities attaching to the New Shares.
- (e) Based on the shareholding interest of Glencore as at the date of this notice and its underwriting commitment, upon completion of the Offer the shareholding interest of Glencore will be between 56.1% (if all Entitlements are taken up) and 82.4% (if no Entitlements are taken up). The final shareholding interest of Glencore upon completion of the Offer will depend upon the degree to which Eligible Shareholders take up their Entitlements and Rights holders exercise their Rights. To the extent that a Shareholder does not take up their Entitlement, the shareholding interest of that Shareholder in the Company will be diluted. The Offer will not have any practical effect on the control of the Company as Glencore will, in all cases, continue to have "control" as defined in section 50AA of the Act. Glencore has advised the Company that it does not presently intend to change its existing relationship with the Company (other than the number of Shares it holds) including in respect of its Directors on the board.

If you have any queries in relation to the Offer please contact the Company Secretary on +61 8 9212 8400.

Yours faithfully



Peter Coates
Chairman