



**Minara Resources Limited**  
ACN 060 370 783

## **RIGHTS ISSUE OFFER DOCUMENT**

For a renounceable pro rata offer of New Shares at an issue price of \$0.30 each on the basis of 3 New Shares for every 2 Shares held at the Record Date to raise approximately \$210 million before costs.

The last date for acceptance and payment in full is 5.00 pm (AWDT) 28 November 2008.

**GLENCORE**  
INTERNATIONAL AG

**Underwriter**

**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**

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## 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 29 October 2008. 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.

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, or to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No offer is being made to Shareholders with a registered address outside Australia, New Zealand and Switzerland. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand and Switzerland 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.

Information about the Company is publicly available and can be obtained from ASIC and ASX (including its website [www.asx.com.au](http://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 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 may not be relied upon.

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.

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.

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<sup>®</sup> 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.

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

## Chairman's letter

Dear Shareholder

On behalf of the Board of Minara, I am pleased to invite you to participate in the fully underwritten, renounceable pro rata Rights Issue announced by the Company on 29 October 2008. 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 3 New Shares for every 2 Shares held on the Record Date at the issue price of \$0.30 per New Share. The issue price represents a discount of 12% to the closing price of the Shares last traded on the ASX on 28 October 2008 and a 32% discount on the last 5 day volume-weighted average price of Minara shares to that date. If you are ineligible to participate, the Company will appoint an ASIC-approved nominee to sell your Rights. The net proceeds of the sale of those Rights (if any) will be forwarded to you in due course.

Please note that the Rights under the Offer are renounceable, which means that Eligible Shareholders who do not wish to take up all or some of their Entitlement under the Offer may sell or transfer their Rights.

As you may well appreciate, Minara is undertaking the Rights Issue at a time of unprecedented volatility in global financial, commodities and securities markets. In this most challenging environment, Minara has been negotiating debt funding with banks for more than 6 months and has thoroughly explored all possible capital raising options. Notwithstanding these efforts, Minara has been unable to secure funding on acceptable terms, and the Rights Issue, together with Glencore's underwriting, represent the best outcome available to Minara and its Shareholders in the circumstances.

With the benefit of Glencore's underwriting, the Rights Issue will raise approximately \$210 million and those funds will be applied by the Company in the manner described in Section 1.3. Following the Rights Issue Minara will enjoy an improved financial position during uniquely challenging financial and economic times. The Directors consider that this outcome would not be possible without Glencore's support and underwriting of the Rights Issue.

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



**Peter Coates**  
**Chairman**

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## 1. Details of the Offer

### 1.1 The Offer

Minara Resources Limited ACN 060 370 783 (the **Company**) is making a fully underwritten, renounceable pro rata offer (**Offer**) of fully paid ordinary shares in the capital of the Company (**New Shares**) to Shareholders with a registered address in Australia, New Zealand or Switzerland (**Eligible Shareholders**). Eligible Shareholders who are on the Company's share register at 5.00 pm (AWDT) on 10 November 2008 (**Record Date**) will be entitled to apply for 3 New Shares for every 2 Shares held at an issue price of \$0.30 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 700,680,000 New Shares will be issued and the Company will raise approximately \$210 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 (AWDT) 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:

<b>Event</b>	<b>Date</b>
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

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 \$210 million (before costs). The Company intends to apply the funds raised in the following manner:

<b>Use of proceeds</b>	<b>Indicative amount</b>
Repayment of amount outstanding under short term funding	\$73 million*
Capital expenditure	\$23 million
Underwriting fees and other costs associated with the Offer	\$8 million
Working capital and funding for ongoing operations	\$106 million*

\* For the reasons discussed below, these amounts are indicative only and subject to change on account of the matters discussed in Section 3 (Risk factors), in particular movements in the spot nickel and cobalt prices and the US\$:A\$ exchange rate after the date this Offer Document is lodged with ASX.

Minara sells all of the nickel and cobalt that it produces under a long term offtake agreement with Glencore. Under this agreement, the Company receives a provisional payment calculated at the spot price for nickel and cobalt at the date of delivery, with a final balancing payment made either to or by Minara based on the average spot price for nickel during the third month following delivery and the average spot price for cobalt during the month following delivery.

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.

Minara will use part of the net proceeds of the Offer to repay the amount outstanding under the Glencore short term funding arrangements. The Company expects to apply approximately \$23 million of the net proceeds of the Offer to committed capital expenditure, with a modest contingent amount allocated to capital expenditure that may be required during 2009.

The balance of the net proceeds of the Offer (after repayment of the amount outstanding on the Glencore short term funding arrangements, the committed capital expenditure allocation and payment of costs associated with the Offer, including the underwriting fee) will be held by the Company as cash at bank available for working capital and for the funding of ongoing operations including any future final balancing payments under the offtake agreement described above.

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 1,167,793,164 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:

<b>Shares</b>	<b>Number</b>
Issued Shares at the date of this Offer Document	467,113,164
Maximum number of New Shares that may be issued pursuant to the Offer	700,680,000
Maximum number of issued Shares upon completion of the Offer	1,167,793,164

Details of the effect of the Offer on control of the Company are set out in Section 4.2.

## **1.4 Entitlements**

Each Eligible Shareholder who is registered as the holder of Shares at 5.00 pm (AWDT) 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 Rights trading**

The Offer is renounceable. This means that Eligible Shareholders who do not wish to take up all or some of their Entitlement may sell or transfer their rights to their Entitlement (**Rights**). Eligible Shareholders are able to renounce (sell) the Rights which they do not wish to accept in order to realise the value which may attach to their Rights. Information on how Rights may be sold or transferred is set out below in Section 2. The Rights will be quoted on ASX. Trading of the Rights will commence on ASX on 3 November 2008 and will cease at the close of trading on 21 November 2008.

## **1.6 Underwriting**

Glencore International AG (**Glencore**), the largest Shareholder in the Company with a shareholding of 262,061,669 Shares (56.1%), has agreed to fully underwrite the Offer pursuant to an underwriting agreement with the Company dated 28 October 2008 (**Underwriting Agreement**). Subject to the Underwriting Agreement, Glencore will subscribe 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

None of this Offer Document, the Rights 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, New Zealand or Switzerland should consult their professional advisers as to whether, in order to enable them to take up their Rights, 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, New Zealand and Switzerland (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Rights 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 Rights 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<sup>®</sup> 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, New Zealand or Switzerland (**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, New Zealand and Switzerland;
- (b) the number and value of New Shares that would be offered to Shareholders outside of Australia, New Zealand and Switzerland; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

In compliance with Listing Rule 7.7.1 and sections 708AA (including section 9A) and 615 of the Corporations Act, the Company will appoint an ASIC-approved nominee (the **Nominee**) to arrange for the sale on ASX of the Rights which would have been granted to Excluded Shareholders.

The Nominee will direct the net proceeds (if any) to the Company or other party upon its instruction to facilitate pro rata payments to Excluded Shareholders. The Nominee will have the absolute and sole discretion to determine the timing and the price at which the Rights may be sold and the manner in which any sale is made.

Any interest earned on the proceeds of the sale of these Rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the Company.

The proceeds of sale (if any) will be paid in Australian dollars to the Excluded Shareholders for whose benefit the Rights have been sold in proportion to their shareholdings (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Rights, Excluded Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the Nominee will be liable for a failure to sell Rights or to sell Rights at any particular price. If, in the reasonable opinion of the Nominee, there is no viable market for the Rights of Excluded Shareholders, or a surplus over the expenses of sale cannot be obtained for the Rights that would have been offered to the Excluded Shareholders, then those Rights will be allowed to lapse. The New Shares not taken up will form part of the Shortfall to be dealt with under the terms of the Underwriting Agreement.

## **1.10 Enquiries**

If you have any enquiries in relation to the Entitlement and Acceptance Form or your Entitlement, please contact the Company's share registry, Computershare Investor Services Pty Limited (**Share Registry**) by telephone on 1300 733 707 (within Australia) or +61 3 9415 4820 (outside Australia) or by facsimile on +61 3 9473 2500, the Company Secretary by telephone on +61 8 9212 8400 or consult your professional adviser.

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## **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 2.7.

## **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 Minara will be diluted.

## **2.3 Selling all of your Entitlement on ASX**

If you wish to sell all your Rights on ASX, please complete the section on the reverse of the Entitlement and Acceptance Form entitled "Instructions to your Stockbroker" and lodge the completed Entitlement and Acceptance Form with your stockbroker.

Rights trading on ASX commences on 3 November 2008 and sale of your Rights must be completed by 21 November 2008 when Rights trading ceases. If you wish to sell all of your Rights on ASX, do **not** return your Entitlement and Acceptance Form to the Share Registry.

## **2.4 Taking up part of your Entitlement and selling the balance on ASX**

If you wish to take up part of your Entitlement and sell the balance on ASX, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up. Also complete the section on the reverse of the Entitlement and Acceptance Form entitled "Instructions to your Stockbroker" for the balance of the Rights that you wish to sell on ASX. Please lodge the completed Entitlement and Acceptance together with a cheque for the Application Money (in respect of that part of your Entitlement you intend to take up) with your stockbroker, **not** the Share Registry.

To take up the balance of your Entitlement, your stockbroker will need to ensure that the Entitlement and Acceptance Form and Application Money reach the Share Registry by no later than 5.00 pm (AWDT) on 28 November 2008.

## **2.5 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 2.7.

## **2.6 Transfer all or part of your Rights other than on ASX**

You may elect to transfer all or part of your Rights to another person other than on ASX provided that the purchaser is not an Excluded Shareholder or would not be an Excluded Shareholder if the purchaser was the registered holder of the Shares.

If you wish to transfer all or part of your Entitlement to another person other than on ASX, forward a completed standard renunciation form (available from your stockbroker or the Share Registry) together with your Entitlement and Acceptance Form completed by the transferor and transferee to the Share Registry so that it is received no later than 5.00 pm (AWDT) on 28 November 2008, and arrange for payment of the amount of the Application Money in accordance with Section 2.7.

## **2.7 Payment and return of Entitlement and Acceptance Form**

You may pay the Application Money by BPAY<sup>®</sup>, cheque, money order or bank draft.

### **Payment by BPAY<sup>®</sup>**

Those who elect to pay by BPAY<sup>®</sup> must follow the instructions for BPAY<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> must be received by no later than 4.00 pm (AWDT) on 28 November 2008.

#### **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 "Minara Resources 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 (AWDT) on 28 November 2008 at:

Computershare Investor Services Pty Limited  
Locked Bag 2508  
PERTH WA 6001

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### **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](http://www.asx.com.au) under the code MRE) 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.

#### **Nickel and cobalt prices**

The nickel mining and cobalt mining industry is competitive. There can be no assurance that nickel and cobalt prices will be such that the Company can mine its deposits at a profit. Nickel prices and cobalt prices are volatile due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities.

## **Foreign exchange rates**

The Company receives payments from its sales of nickel metal and cobalt metal in United States dollars. The Company 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. Although the Company does not currently have any derivative financial instruments, the Company's foreign exchange hedging policy permits the use of forward foreign exchange contracts and put and call options to hedge its foreign exchange rate risk. The impact of any such financial instruments cannot be predicted reliably.

## **Sulphur price**

The Company uses sulphur in the production of nickel and cobalt. There can be no assurance that the price of sulphur will be such that it will enable the Company to process its ore reserves at a profit. The price of sulphur can be volatile due to a variety of factors including supply and demand fundamentals, international economic and political trends, global or regional trends and currency exchange fluctuations.

## **Resource, reserve and production risk**

Resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available. In addition, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource and reserve estimates may have to be adjusted and current and prospective mining plans may need to be altered in a way which could have an adverse impact on the viability of potential future operations and, therefore, the Company's financial position and future operations.

No assurance can be given:

- (a) that anticipated tonnages and grades of ore will be achieved during production;
- (b) that there will not be significant increases in costs in contractors, labour, plant, materials, reagents, sulphur, natural gas, chemicals or utility charges (or the availability of any of these) in a manner that will adversely impact on anticipated capital, development or operating costs; or
- (c) as to the rate of recovery of nickel metal and cobalt metal that will be achieved through the metallurgical treatment process that may be applied to the Company's deposit or whether an economic production rate is achievable in respect of a deposit. Processing issues, including the cost of sulphuric acid and other materials used in the processing of ore, may lead to higher than anticipated operating costs.

Nickel and cobalt price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect reserve estimations.

## **Stock market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the issue price for the New Shares.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of

companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

### **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.

### **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 Glencore 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.

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## 4. Additional information

### 4.1 Underwriting Agreement

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

Under the Underwriting Agreement, Glencore is required to subscribe for all New Shares in respect of which a valid application is not received, provided that:

- (a) the Company provides ASX with an announcement referring to the Offer and a cleansing notice in relation to the Offer (the **Rights Issue Notice**) in accordance with section 708AA(2)(f) of the Corporations Act on the announcement date specified in the Underwriting Agreement;
- (b) this Offer Document and the Rights Issue Notice are in a form acceptable to Glencore (acting reasonably);
- (c) none of the termination events set out in the Underwriting Agreement (as described below) has occurred before 9.00 am on the shortfall settlement date specified in the Underwriting Agreement;
- (d) that during the period between the date of the Underwriting Agreement and the date of allotment of the last of the New Shares:
  - (i) there is no preliminary or final decision, order or decree issued by a regulatory authority; and
  - (ii) no application is made to any regulatory authority (other than by Glencore), or action or investigation is announced, threatened or commenced by a regulatory authority,

in consequence of or in connection with the Offer, which

- (iii) restrains or prohibits (or if granted or completed could reasonably be expected to restrain or prohibit or establish grounds for restraining or prohibiting), or otherwise materially adversely affects, or could reasonably be expected to materially adversely affect, the completion of the Offer or the completion of any other transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Glencore or any related body corporate in respect of the Company and the New Shares to be acquired under the Offer; or
- (iv) requires (or if granted or completed could reasonably be expected to require or establish grounds for requiring) the divestiture by Glencore or any related body corporate of any Shares, or the divestiture of any assets of the Company and its material subsidiaries or Glencore or otherwise; and
- (e) ASX indicating in writing that it will grant permission for Official Quotation (subject only to customary pre-quotation listing conditions) on or before 9.00 am on the shortfall settlement date specified in the Underwriting Agreement.

The Company has given warranties, covenants and indemnities to Glencore which are customary in an agreement of this nature.

### Termination

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

- (a) the Offer and the issue of the New Shares do not comply with all of the conditions specified in section 611, item 10(a) to (e) of the Corporations Act in all respects;
- (b) Glencore becomes aware of any information in the Rights Issue Notice, the Appendix 3B in relation to the Offer or this Offer Document (together the **Rights Issue Documentation**) or certain public information (as defined in the Underwriting Agreement) which is untrue, incorrect or misleading or deceptive in its contents in a material manner or Glencore becomes aware of any material omission from or non-disclosure in the Rights Issue Documentation and the Company fails to lodge any supplementary or replacement documentation (in a form approved by Glencore) within 2 Business Days of being notified by Glencore of such information, material omission or non-disclosure;
- (c) a statement contained in any of the Rights Issue Documentation or the public information (as defined in the Underwriting Agreement) is or becomes misleading or deceptive in any material respect;
- (d) any material default by the Company or any of its material subsidiaries in the performance of its obligations under the Underwriting Agreement or by any party in the performance of its obligations under any agreement referred to in the Rights Issue Documentation;
- (e) a contravention by the Company of any provision of its constitution (including a contravention by a material subsidiary of any provision of its constitution), the Corporations Act, any legislation relating to the taxation of the Commonwealth of Australia or any State or Territory of Australia or the Listing Rules;
- (f) notwithstanding any other provision of the Underwriting Agreement, 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;
- (g) any legal action is commenced or threatened against the Company or any of its material subsidiaries which, if successful, could, or any current pending legal action is determined with the result that it will, materially or adversely affect the assets, liabilities, financial position or performance or performance, profits, losses or prospects of the Company or any of its material subsidiaries;
- (h) any judgment, order or decree for the payment of money in excess of \$1,000,000 has been rendered against the Company or any of its material subsidiaries and has not been discharged within 7 Business Days;
- (i) there is introduced in the Parliament of the Commonwealth of Australia or the Parliament of any State or Territory of Australia or a public announcement is made by the Federal Government or the Government of any State or Territory of Australia or by any responsible Minister of such Government or by the Commissioner of Taxation or by any other person authorised so to do of any prospective law or intention to introduce such prospective law, or if any such Government or Commissioner of Taxation or the Reserve Bank of Australia or any other regulatory

authority adopt or announces a proposal to adopt any new regulations or policy which in any case is likely to prohibit, restrict or regulate the Offer or capital issues or reasonably likely to materially affect the level of valid applications, provided that nothing in this clause 4.1(i) refers to any proposed legislation or policy, the substance or content of which has been publicly announced on or prior to the date of the Underwriting Agreement;

- (j) at any time prior to the allotment of the last of the New Shares, the Company or any of its material subsidiaries becomes insolvent (within the meaning of that term as defined in the Underwriting Agreement);
- (k) Minara fails to lodge the Rights Issue Notice by the announcement date specified in the Underwriting Agreement;
- (l) a matter required to be included is omitted from the Rights Issue Notice (including, without limitation, having regard to section 708AA(7));
- (m) the Australian Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act;
- (n) a new circumstance in relation to the Company or any of its material subsidiaries has arisen since the Rights Issue Documentation was lodged with ASX that would have been required to be included by the Corporations Act if it had arisen before the Rights Issue Documentation was lodged and the Company fails to lodge any notice or supplementary or replacement documentation to correct the defect within a reasonable time of becoming aware of such new circumstance in accordance with section 708AA(10) of the Corporations Act;
- (o) except for the New Shares issued under the Offer and pursuant to the long term incentive scheme as disclosed in the Company's 2007 Annual Report, the Company or any of its material subsidiaries issues or allots any shares, options or other securities of any nature (including warrants) before the allotment date specified in the Underwriting Agreement or otherwise alters the issued capital of the Company or disposes or attempts to dispose of a substantial part of the business or property of the Company without the prior written approval of Glencore;
- (p) approval is refused or not granted, or approval is granted subject to conditions other than customary pre-quotation listing conditions, to the Official Quotation or for the Rights Shares to be traded through CHESSE, or if granted, the approval is subsequently withdrawn, qualified (other than by customary pre-quotation listing conditions) or withheld;
- (q) ASIC gives notice of any deficiency in the Rights Issue Documentation or related documents or 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;
- (r) ASIC makes a determination in relation to the Company under section 708AA(3) of the Corporations Act;
- (s) the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any regulatory authority; or
- (t) the S&P/ASX 200 Index, as published by ASX, is at any time after the date of the Underwriting Agreement, 30% or more below its level as at the close of business on

the Business Day prior to the date of the Underwriting Agreement for a period of 3 consecutive Trading Days (as defined in the Listing Rules);

- (u) the Company does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is untrue or incorrect in a material respect;
- (v) the Offer is not conducted in accordance with the timetable specified in the Underwriting Agreement or any event specified in that timetable is delayed for more than 2 Business Days without the prior written consent of Glencore (which must not be unreasonably withheld or delayed);
- (w) the Company withdraws the Offer; or
- (x) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect.

#### **Fees**

The Company will pay Glencore a fee of 3.5% of the gross proceeds of the Offer (being the number of New Shares issued under the Offer multiplied by the issue price of \$0.30 per New Share) in respect of the underwriting. In addition, Glencore will be reimbursed for certain reasonable out of pocket expenses.

#### **4.2 Effect of the Offer on control of the Company**

Pursuant to the Underwriting Agreement, Glencore, the largest Shareholder in the Company with a shareholding of 262,061,669 Shares (56.1%), is required to take up any Shortfall.

Based on the shareholding interests of Glencore as at the date of this Offer Document and the commitments of Glencore under the Underwriting Agreement, upon completion of the Offer, Glencore will hold between 655,154,173 and 962,741,669 Shares, being an interest of 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.

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.

#### **4.3 Effects of rounding and warning against share splitting**

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**

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 person 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.

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## 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.

**AWDT** means Australian Western Daylight Time.

**Closing Date** the last day for payment and return of Entitlement and Acceptance Forms, being 5.00 pm (AWDT), 28 November 2008.

**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, New Zealand or Switzerland.

**Glencore** means Glencore International AG, a Swiss company whose principal office is at Baarermattstrasse 3, CH-6340 Baar, Switzerland.

**Listing Rules** means the official listing rules of ASX.

**Minara** or **Company** means Minara Resources Limited ACN 060 370 783.

**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 on 10 November 2008 or such other date as may be determined by the Directors.

**Right** means the right to subscribe for New Shares in accordance with an Entitlement under the Offer described in this Offer Document.

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

**Shareholder** means a holder of Shares.

**Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

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

**Underwriter** means Glencore.

**Underwriting Agreement** means the underwriting agreement between the Company and Glencore dated 28 October 2008.