

ASX RELEASE

7 July 2010



\$111 million return of capital to shareholders

The directors of Minara Resources Limited (**Minara**) are pleased to announce that they will propose to shareholders a return of capital of 9.5 cents per share, which will result in a total of \$111 million to be returned to shareholders.

Minara's Managing Director and CEO Peter Johnston stated that "Minara has been able to undertake a capital management programme due to its strong financial position."

"Minara raised \$210 million in a rights issue conducted in late 2008 at a time when there was little optimism in the state of the domestic and world economy and in turn the nickel mining industry. A number of factors, including increases in the prices of nickel and cobalt and improvement in the outlook in the global economy, have seen Minara generate positive operating cash flows, building its cash reserves to \$363 million as at 30 June 2010."

"The directors consider that the excess cash raised under Minara's rights issue in December 2008 is now in excess of its needs, accordingly the return of capital is being recommended to shareholders."

The Australian Taxation Office has issued a Class Ruling in favour of Minara shareholders that no part of the 9.5 cents per share returned to shareholders will be deemed a taxable dividend. As a general statement, the return of capital will reduce the capital gains tax cost base of the shares held in Minara. However, shareholders should obtain independent tax advice to obtain certainty in relation to the tax effect of the return of capital.

An extraordinary general meeting of shareholders of Minara will be held on Tuesday, 17 August 2010, at which a resolution will be put to shareholders to approve the return of capital.

The record date for determining the Minara shareholders entitled to participate in the return of capital will be Wednesday, 25 August 2010. If approved, the return of capital is expected to be paid to shareholders on Monday, 6 September 2010.

Peter Johnston
Managing Director and CEO

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Contact

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