

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY MEMORANDUM

DATE AND TIME OF MEETING

TUESDAY, 25 MAY 2010
COMMENCING AT 9.30AM WST

PLACE OF MEETING

PERTH CONVENTION
EXHIBITION CENTRE,
21 MOUNTS BAY ROAD,
PERTH WA



MINARA RESOURCES LIMITED
ABN 23 060 370 783

The Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.



Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of Minara Resources Limited ABN 23 060 370 783 (**Minara** or **Company**) will be held at **Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth WA** on **Tuesday, 25 May 2010 at 9.30am WST**.

The Explanatory Memorandum, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Memorandum.

Agenda

Financial Report

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditors for the year ended 31 December 2009.

Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That the Remuneration Report contained in the Directors’ Report for the year ended 31 December 2009 be adopted by the Company.”

In accordance with the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-Election of Ivan Glasenberg as a Director

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 14.4 and Article 6.3 of the Company’s constitution, Ivan Glasenberg, being a Director of the Company who retires by rotation, and being eligible offers himself for re-election, be elected as a Director of the Company.”

Resolution 3 – Re-Election of Malcolm Macpherson as a Director

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 14.4 and Article 6.3 of the Company’s constitution, Malcolm Macpherson, being a Director of the Company who retires by rotation, and being eligible offers himself for re-election, be elected as a Director of the Company.”

Resolution 4 – Approval of grant of Performance Rights to Peter Johnston

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of performance rights (incorporating the right to acquire Shares) to Mr Peter Johnston, the Managing Director and Chief Executive Officer of the Company to a maximum value of \$3 million, as part of his remuneration and incentive entitlements for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, on the terms set out in the Explanatory Memorandum.”

Voting exclusion: In accordance with Listing Rule 14.11 the Company will disregard any votes cast on Resolution 4 by Peter Johnston and by an Associate of Peter Johnston. However, the Company need not disregard a vote if it is cast by Peter Johnston as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by Peter Johnston as chair of the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Snapshot Date

The Directors have determined that for the purposes of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to attend and vote at the meeting are those persons who were Shareholders at 9.30am (WST) on Sunday, **23 May 2010**.

By order of the Board of Directors



CYNTHIA SARGENT
Company Secretary
16 April 2010

Proxy and Voting Instructions

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **9.30am (WST) on Sunday, 23 May 2010**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled Annual General Meeting.

Proxy Forms may be lodged:

By post to: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001

Or

By hand to: Minara Resources Limited, Level 4, 30 The Esplanade, Perth, WA 6000

Or

By fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Or

Online: www.investorvote.com.au

Online Voting

Shareholders may submit their proxy instructions electronically to the Company's share registrar, Computershare Investor Services Pty Ltd, by visiting www.investorvote.com.au and following the instructions given there. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

Appointment of a Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. The proxy may, but need not be, a securityholder of the Company.

If you wish to appoint the Chairman of the Annual General Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Annual General Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Annual General Meeting will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Annual General Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each on the Proxy Form.

Fractions of votes will be disregarded.

Votes on Resolution

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on the Resolutions will be invalid.

Voting Entitlement

For the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at the close of business on **9.30am (WST) on Sunday, 23 May 2010**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Annual General Meeting or at the registration desk on the day of the Annual General Meeting.

Questions from Shareholders

At the Annual General Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

Mr Ross Jerrard of Deloitte Touche Tohmatsu, as the auditor responsible for preparing the auditor's report for the year ended 31 December 2009 (or his representative) will attend the Annual General Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to questions please submit any questions you may have in writing to the Company Secretary no later than 9.30am on **Tuesday, 18 May 2010**:

In person: Registered Office – Level 4, 30 The Esplanade, Perth WA

By mail: Level 4, 30 The Esplanade, Perth WA 6000

By fax: +61 8 9212 8420

As required under section 250PA of the Corporations Act, at the Annual General Meeting, the Company will distribute a list setting out the questions directed to the auditor received in writing by **18 May 2010**, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 31 December 2009. The Chairman will allow reasonable opportunity to respond to the questions set out on this list.

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are defined in the Glossary. All amounts referred to in this Explanatory Memorandum are in Australian dollars unless specified otherwise.

2. Annual Financial Report

The Corporations Act requires the Directors' Report, Auditors' Report and the Financial Statements of the Company for the year ended 31 December 2009 to be tabled at the Annual General Meeting.

Neither the Corporations Act nor the constitution requires a vote of Shareholders on the Reports or Financial Statements. However, Shareholders will be given reasonable opportunity to raise questions on the Reports and ask questions of the Company's auditor.

3. Resolution 1 – Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report in the Company's Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. Under section 250R(3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.

4. Resolution 2 – Re-election of Ivan Glasenberg as a Director

In accordance with Listing Rule 14.4 and Article 6.3 of the Company's constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Ivan Glasenberg retires at this meeting and, being eligible, offers himself for re-election.

Mr Glasenberg has been a non-executive director of the Company since December 2000 as a nominee of the Company's largest shareholder, Glencore International AG (**Glencore**).

Mr Glasenberg joined Glencore in 1984. He became the Head of Coal in 1990 after having worked in the coal department in South Africa for three years and in Australia for two years. He managed Glencore's Hong Kong office during the period 1988 to 1989. Prior to joining Glencore, Mr Glasenberg worked for five years at Levitt Kirson Chartered Accountants. Mr Glasenberg has been a director of Glencore and a member of its Board since June 2001. He was appointed Chief Executive Officer of Glencore on 2 January 2002.

Mr Glasenberg is also a director of Xstrata Plc and United Company RUSAL plc.

Directors' recommendation

The Directors (apart from Mr Glasenberg) recommend that Shareholders vote in favour of the re-election of Mr Glasenberg.

5. Resolution 3 – Re-election of Malcolm Macpherson as a Director

In accordance with Listing Rule 14.4 and Article 6.3 of the Company's constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Malcolm Macpherson retires at this meeting and, being eligible, offers himself for re-election.

Mr Macpherson has been a non-executive director of the Company since April 2002.

Before joining the Board, Mr Macpherson was the managing director and chief executive officer of Iluka Resources Limited, a major Western Australian resources company. In addition to his previous board appointments, Mr Macpherson served as a Senior Vice President of the Minerals Council of Australia in 2000 and as President of the Chamber of Minerals & Energy (WA) between 1990 and 1994. He is Chairman of the Cooperative Research Centre for Sustainable Resource Processing.

Mr Macpherson is also a director of Titanium Corporation Inc, Range River Gold Limited and director and chairman of Pluton Resources Limited.

Directors' recommendation

The Directors (apart from Mr Macpherson) recommend that Shareholders vote in favour of the re-election of Mr Macpherson.

6. Resolution 4 – Approval of grant of Performance Rights to Peter Johnston

Introduction

Shareholder approval is sought for the Board's proposal to grant performance rights to Mr Peter Johnston, the Managing Director and Chief Executive Officer of the Company pursuant to the Company's Long Term Incentive Scheme (as it applies to Mr Johnston) (**LTI Scheme**).

As part of Mr Johnston's current employment contract, the Company agreed to provide Mr Johnston with an entitlement (subject to Shareholder approval) to receive performance rights with a value of up to \$3 million (**Performance Rights**).

For the purposes of the requirements of the Listing Rules, the grant of the Performance Rights to Mr Johnston, a Director of the Company, is being put to Shareholders for their approval.

70% of the Performance Rights may be granted to Mr Johnston in 3 separate tranches. Each tranche of Performance Rights may provide an opportunity to receive Shares or such other equity interest nominated by the Board with a value up to \$700,000 for each of the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012. Each tranche will not be granted before the Company's annual general meeting in the relevant financial year.

Operation of the LTI Scheme is such that 70% of the Performance Rights may be allocated for each of the following 3 years after the Annual General Meeting, and Shares (or any substituted equity) will be acquired on the vesting of those rights as discussed below under the heading "Vesting conditions of 70% of the Performance Rights".

At the time of determining the number of Performance Rights to be granted, the Board will consider the reasonableness of the proposed grant in light of circumstances, including the Share price and market remuneration position, applying at the time of the proposed grant.

The value of the Shares or such other equity interest nominated by the Board will be determined by reference to the volume weighted average price (**VWAP**) of Shares in the Company (or any substituted equity) traded on ASX in the 5 trading days following the Company's annual general meeting in the relevant financial year.

The remaining 30% of the Performance Rights (with a value of \$900,000) will be subject only to a continuing service condition and will vest on 31 December 2012 if Mr Johnston remains in employment until 31 December 2012. The value of these Shares or such other equity interest nominated by the Board will be determined by reference to the VWAP of Shares in the Company (or any substitute equity) traded on the ASX in the 5 trading days following this Annual General Meeting.

Reasons for grant of Performance Rights

The purpose of the grant of the Performance Rights is to provide Mr Johnston with a strong incentive by aligning his rewards with the Company's strategic plan, which focuses on seeking improved performance, the growth of the Company and ultimately, better returns for Shareholders. The Board considers that the proposed grant of the Performance Rights to Mr Johnston will encourage him to ensure that the Company performs well for all Shareholders through long-term growth and increasing Shareholder value.

The Board considers that there will be great need for the services of Mr Johnston in the future, particularly given his expertise and experience in the mining and resources industry, in order to develop and implement the Company's strategic plan.

The Directors have considered the corporate governance issues relevant to executive compensation arrangements, including the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations".

Having taken advice from a remuneration consultant with particular expertise in the field of senior executive remuneration packages, the Board has formed the view that the grant of the Performance Rights to Mr Johnston on the terms and conditions set out in this Explanatory Memorandum is appropriate and that the value and quantum of the Performance Rights are not excessive nor unusual for a company of Minara's size.

The Board also considers that the proposed grant of Performance Rights to Mr Johnston constitutes reasonable remuneration within the meaning of section 211 of the Corporations Act and therefore Shareholder approval is not required for the giving of the financial benefit to Mr Johnston, constituted by the grant of the Performance Rights.

For these reasons, the Directors consider that the proposed grant of the Performance Rights to Mr Johnston constitutes reasonable and fair remuneration and, accordingly, recommend to Shareholders that they approve Resolution 4.

Material terms of the Performance Rights

Key details of the Performance Rights that may be granted by the Company to Mr Peter Johnston are set out below:

- Subject to the Board's approval of Mr Johnston's current remuneration package, Mr Johnston is entitled to receive Performance Rights with a value of up to \$3 million on the terms and conditions of the Company's LTI Scheme (as it applies to Mr Johnston), a summary of which is contained in Schedule 1 of this Explanatory Memorandum.
- Mr Johnston will not be entitled to exercise any granted Performance Rights unless the Performance Rights have vested.
- Vesting of up to 70% of the Performance Rights will depend on the Company's Total Shareholder Return (**TSR**) performance as outlined below under the heading "Vesting conditions of 70% of Performance Rights".
- The remaining 30% of the Performance Rights will vest on 31 December 2012 if Mr Johnston remains in employment with the Company until 31 December 2012.
- No cash consideration is payable by Mr Johnston for the grant of the Performance Rights.
- Each granted Performance Right that vests may be automatically exercised into one Share (or such other equity interest nominated by the Board). It is anticipated that securities will be issued in respect of any vested Performance Rights in the first quarter of each financial year 2013, 2014 and 2015. No securities which Mr Johnston may become entitled on the vesting of Performance Rights will be issued to Mr Johnston later than 30 June 2015.

No amount is payable for the issue of a Share on the exercise of a granted Performance Right.

In the event of any reorganisation of the capital of the Company, the Performance Rights shall be reorganised in accordance with the Listing Rules in force at the time of any reorganisation and as appropriate to the type of reorganisation proposed.

The Performance Rights do not confer the holder the right to participate in any new issues of securities by the Company unless they vest and are exercised prior to the record date for the purposes of determining entitlements to new issues of securities.

The Performance Rights do not confer any right to a change in the exercise price or in the number of underlying securities over which they can be exercised in the event of a pro rata issue of securities to Shareholders.

The Performance Rights are personal and not transferable. They will not be eligible for quotation on ASX.

Shares issued pursuant to the exercise of vested Performance Rights will rank equally with all other issued Shares in the Company.

The Company will apply to ASX for official quotation of all Shares (or substituted equity) issued on the exercise of vested Performance Rights.

Vesting conditions of 70% of Performance Rights

The vesting of 70% of Performance Rights will depend on the performance of the Company in comparison to its peer group of comparator resource companies as measured by the Company's TSR for each three year performance period.

TSR is defined as share growth plus all other returns or payments to Shareholders (for example, dividends) and is essentially a measure of the average movement in Shareholder return over each of the relevant three year performance periods.

TSR is measured by an independent third party.

The following table lists the performance targets that apply to 70% of the Performance Rights and the weighting given to their achievement in determining the number of Shares that may be acquired by Mr Johnston in the relevant year.

Company Performance	Below 50th Percentile	Ranking at 50th Percentile	Ranking between 51st and 74th Percentile	Ranking at or above 75th Percentile
TSR	Nil	50%	50% plus 2% for every one percentile increase above the 50th percentile	100%

Subject to Mr Johnston achieving a TSR ranking at or above the 50th percentile, vesting of any Performance Rights may take place up to 3 years following the granting of each tranche of Performance Rights.

Details of Mr Johnston's executive employment agreement

Remuneration and other terms of employment for Mr Johnston are formalised in an employment agreement agreed between the Company and Mr Johnston, which commenced on 1 January 2010 and ends on 31 December 2012 unless terminated earlier.

The remuneration terms of Mr Johnston's current employment agreement are:

- (a) commencing 1 January 2010, fixed remuneration of \$1,865,000 per annum inclusive of salary, superannuation, motor vehicle allowance, fringe benefits, directors' fees and applicable taxes;
- (b) for each of the 2010, 2011 and 2012 calendar years, if performance targets set by the Board are met, an annual short term cash incentive comprising:
 - up to \$500,000 for on-target performance; or
 - up to but no more than \$800,000 for superior performance, with up to \$100,000 of this amount being at the absolute discretion of the Board for extraordinary achievements; and
- (c) entitlement to participate in the LTI Scheme through the granting of performance rights on terms to be approved by Shareholders at this Annual General Meeting.

Mr Johnston's interests in Company securities

Mr Johnston has an interest in the following securities in the Company which were acquired by him prior to the date of this Notice and, assuming Resolution 4 is approved by Shareholders, will be entitled to the following securities:

Recipient	Minara Shares currently held by Peter Johnston	Performance Rights and Options currently held by Peter Johnston	Proposed Performance Rights
Peter Johnston	3,129,000	entitlement to acquire up to 390,000 Shares pursuant to performance rights approved by Shareholders at the 2008 annual general meeting	entitlement to acquire Performance Rights with a value of up to \$3 million

Value of Performance Rights

Information concerning the value of proposed Performance Rights is set out in Schedule 2 of this Explanatory Memorandum. BDO Corporate Finance (WA) Pty Ltd (**BDO**) has provided the Company with an indicative valuation for each Performance Right prepared as at 22 March 2010. In BDO's opinion, each Performance Right is valued at \$0.845.

Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of Shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) a Director;
- (b) an Associate of a Director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Mr Johnston is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for Mr Johnston to acquire a beneficial interest in the Performance Rights (which occurs upon vesting of the Performance Rights in accordance with the terms set out in this Explanatory Memorandum), the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

Listing Rule disclosure requirements

In accordance with the requirements of Listing Rule 10.15A, the following additional information is provided to Shareholders in relation to Resolution 4:

- (a) In accordance with a waiver provided by ASX to the Company, the maximum number of securities which may be issued to Mr Johnston will be determined by:
 - (i) dividing 700,000 (being the maximum value of securities issued under each tranche of 70% of the Performance Rights) by the VWAP of Shares in the Company (or any substitute equity) traded on ASX in the 5 days following the Company's annual general meeting for each of the relevant financial years ending 2010, 2011 and 2012; and
 - (ii) dividing 900,000 (being the maximum value of securities issued to Mr Johnston subject to him remaining in employment with the Company until 31 December 2012) by the VWAP of Shares (or any substitute equity) traded on ASX in the 5 trading days following the Annual General Meeting.
- (b) Mr Johnston is the only Director entitled to participate in the LTI Scheme.
- (c) Since the Annual General Meeting held on 26 May 2006 at which Shareholders approved the grant of performance rights (options) to Mr Johnston, the following rights to securities have been granted to Mr Johnston under the LTI Scheme:
 - (i) rights to acquire 504,000 Options (which have since been exercised to 504,000 Shares); and
 - (ii) rights to acquire up to 160,069 Options (which have since lapsed and are not able to be exercised), being the Options referred to in Resolution 4 of the Company's 2006 Notice of Annual General Meeting;
 - (iii) rights to acquire up to 780,000 Options, being the Options referred to in Resolution 3 of the Company's 2007 Notice of Annual General Meeting; and
 - (iv) rights to acquire 390,000 Options, being the Options referred to in Resolution 4 of the Company's 2008 Notice of Annual General Meeting.

No other securities or rights to securities under the LTI Scheme have been granted to or acquired by Mr Johnston or any other Director (or an associate of a Director) since the 2008 Annual General Meeting.

- (d) Details of the Performance Rights granted under the LTI Scheme will be published in each annual report of the Company relating to a period in which the Performance Rights have been granted, and that approval for the grant of Performance Rights was obtained under Listing Rule 10.14.
- (e) No Director other than Mr Johnston will be issued with Performance Rights unless and until a separate Shareholder approval is obtained for the purposes of Listing Rule 10.14.
- (f) In accordance with a waiver provided by ASX to the Company, securities issued in respect of any vested Performance Rights will be issued no later than 30 June 2015.

- (g) If approval is given pursuant to Resolution 4, approval of the issue is not required for the purposes of Listing Rule 7.1.

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by Peter Johnston and by an Associate of Peter Johnston. However, the Company need not disregard a vote if it is cast by Peter Johnston as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by Peter Johnston chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Accordingly, Peter Johnston and Associates of Peter Johnston may not vote on Resolution 4.

Directors' recommendation

All Directors, other than Mr Johnston, recommend that Shareholders vote in favour of Resolution 4 for the reasons set out above. Mr Johnston makes no recommendation in light of his personal interest in this Resolution.

The Directors do not have an interest in the outcome of Resolution 4 except as Shareholders of the Company. As set out in the proxy form, the Chairman intends to vote all undirected proxies in favour of all Resolutions to be considered at this Meeting.

Schedule 1

Summary of LTI Scheme

(as applicable to Mr Peter Johnston)

- Equity-based reward scheme designed to link executive performance to Shareholder returns.
- Granted to selected members of the management team only from time to time.
- Allocation is determined in line with competitive market practice.
- Performance conditions are applied as appropriate.
- Performance Rights which do not satisfy the vesting conditions will automatically expire.
- Subject to the satisfaction of performance conditions, the participants are entitled to exercise Performance Rights, for nil consideration.
- For each Performance Right exercised, the participant will be issued with one Share (or such other equity interest nominated by the Board) in the Company.
- The Performance Rights do not confer all the benefits of Share ownership including dividend or voting entitlements prior to vesting.

Schedule 2

Value of Performance Rights

The highest, lowest sale and last available prices for Shares on the ASX during the 12 months immediately preceding the date of this Notice and the respective dates of those sale prices were:

Highest: \$1.39 per Minara Share on 4 August 2009

Lowest: \$0.555 per Minara Share on 1 May 2009

Last: \$0.945 per Minara Share on 15 April 2010 (being the last available ASX trading day prior to printing of this Notice).

BDO Corporate Finance (WA) Pty Ltd (BDO) has provided the Company with an indicative valuation for each Performance Right prepared as at 22 March 2010 in accordance with the principles of AASB 2 and based on certain assumptions.

The valuation took into account the following matters:

- Performance Rights with market based vesting conditions can only be exercised following the satisfaction of these exercise conditions.
- The valuation of Performance Rights assumes that the exercise of a right does not affect the value of the underlying asset.
- Under AASB 2 'Share Based Payments' and option valuation theory, no discount is made to the fundamental value for unlisted rights over listed Shares.
- The vesting conditions determine the number of Performance Rights to be issued; they do not have an affect on the value of each Performance Right. If the vesting conditions relate to the vesting of the Performance Rights, rather than the number to be issued, only then would it have to be considered in the valuation of the Performance Rights.
- Under this scenario, given that the Performance Rights are to be issued for no consideration, the value of the Performance Rights is reflected in the underlying Share price at the valuation date. Variable inputs used in traditional option valuation models such as implied share price volatility, the risk free interest rate and life of the right have no impact on the value of the Performance Rights so long as the underlying asset does not pay a dividend.
- The exercise price is the price at which the underlying ordinary Shares will be issued. No consideration is to be paid by Mr Johnston upon exercising the Performance Rights.
- The Performance Rights are intended to be issued at the Annual General Meeting, which is on 25 May 2010. For the purpose of the valuation it is

assumed that the options will be issued on 25 May 2010.

- The valuation assumes that Minara does not pay a dividend over the life of the Performance Rights.
- The underlying security spot price used for the purposes of the valuation is based on the closing price of Minara's Shares on ASX on 22 March 2010.
- Data concerning the price, volatility and volume traded of the Company's Shares has been obtained from Bloomberg.
- Australian Government bond yield information has been obtained from Reserve Bank of Australia.

In BDO's opinion, each Performance Right is valued at \$0.845.

Conclusions as to the value of the Performance Rights assuming no dividends are paid over the life of the Performance Rights are set out below:

Item	LTI Scheme
Underlying security spot price	\$0.845
Exercise price	\$0.000
Issue date	25 May 2010
Expiration date	30 June 2015
Life of the Performance Rights	2.61 years
Valuation per Performance Right	\$0.845

7. Glossary

In this Explanatory Memorandum, the following terms have the following meaning unless the context otherwise requires:

Annual General Meeting or Meeting	Annual General Meeting of Shareholders of the Company or any meeting adjourned thereof, convened by the Notice.
Annual Report	The Company's annual report including the reports of the Directors and the Auditor and the Financial Statements of the Company for the year ended 31 December 2009, which can be downloaded from the Company's website at www.minara.com.au .
Associate	Has the meaning given to it by Division 2 of the Corporations Act.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited, trading as the Australian Securities Exchange.
Board	Board of Directors of the Company.
Business Day	A day (other than a Saturday or Sunday) on which trading banks in Perth are open for ordinary business.
Company or Minara	Minara Resources Limited ABN 23 060 370 783.
Corporations Act	Corporations Act 2001 (Cth).
Director	A Director of the Company from time to time.
Explanatory Memorandum	This explanatory memorandum which accompanies and forms part of the Notice of Annual General Meeting.
Group	The Company and its subsidiaries.
Option	An option to subscribe for a Share.
Listing Rules	The Listing Rules published by ASX.
Managing Director and Chief Executive Officer	The managing director and chief executive officer of the Company, Mr Peter Johnston.
Notice and Notice of Meeting	The notice of Annual General Meeting which accompanies this Explanatory Memorandum.
Performance Right	The performance rights proposed to be granted to the Managing Director and Chief Executive Officer pursuant to Resolution 4.
Remuneration Report	The remuneration report appearing in the Annual Report.
Resolution	A resolution set out in the Notice.
Share	Fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
WST	Western standard time in Perth, Western Australia.

Shareholder Questions

The Company welcomes your questions regarding the Company, the Annual Report or any matter relating to the Notice of Meeting. If you wish to have a question answered at the Annual General Meeting, please complete this form and return it in the reply paid envelope provided, or send it by facsimile to + 61 8 9212 8401 by **close of business on Tuesday, 18 May 2010**.

The Board will endeavour to address as many questions as possible during the course of the Meeting. If time does not permit us to address all issues raised at the meeting, we will respond, if appropriate, to you directly.

Shareholders will be able to access the Chairman's and the Managing Director's Meeting addresses on the Company's internet site at www.minara.com.au after the Meeting.

Please complete the following details:

Shareholder name:

Address:

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Shareholder number:

Question(s):

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Signature:..... **Date:**

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 733 707
(outside Australia) +61 3 9415 4820

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 9:30am (WST) on Sunday 23 May 2010**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Minara Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Minara Resources Limited to be held at the Perth Convention Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 25 May 2010 at 9:30am (WST) and at any adjournment of that meeting.

Important for Resolution 4: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 4 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 4 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of the Resolution and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for a Resolution, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Ivan Glasenberg as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-Election of Malcolm Macpherson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of grant of Performance Rights to Peter Johnston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____