



MILLENNIUM

MINERALS LIMITED

ABN 85 003 257 556

23 September 2008

Dear Shareholder,

Non-renounceable Rights Issue of Shares with Free Attaching Options

On 19 September 2008 Millennium Minerals Ltd (**MOY**) announced a one (1) for four (4) non-renounceable pro rata rights issue of new MOY shares at an issue price of 4 cents for each new MOY share, with one (1) free attaching option (exercisable at 5 cents and expiring on 30 September 2011) for every one (1) new MOY share issued (**Rights Issue**).

The Rights Issue will result in the issue of 59,113,614 new MOY shares (and 59,113,614 free attaching options) and will raise an estimated \$2,364,545 if all rights are taken up (based on MOY's undiluted share capital as at the date of this letter). MOY will apply for quotation of the new MOY shares and the free attaching options issued pursuant to the Rights Issue on the ASX.

The funds raised will be applied (after paying expenses of the Rights Issue) towards:

- to fund exploration activities on the Millennium molybdenum project;
- to fund exploration activities on the Nullagine gold project;
- to repay the convertible notes currently on issue; and
- to meet the costs of the Rights Issue.

It is anticipated the securities will be entered into uncertificated holdings on 10 November 2008.

The Rights Issue provides eligible shareholders with an opportunity to increase their investment in MOY at an attractive price. The issue price of 4 cents per MOY share represents a 30% discount to the price of 5.2 cents per MOY share on 22 September 2008, being the day immediately after the day the Prospectus was lodged with the Australian Securities and Investments Commission.

The free attaching options also give eligible shareholders the opportunity to further participate in the future growth and development of MOY, with each option exercisable at 5 cents until 30 September 2011.

In addition to being able to apply for new MOY shares, eligible shareholders who take up their full entitlement under the Rights Issue will have the opportunity to apply for additional new MOY shares (and free attaching options) that are not subscribed for in the Rights Issue (**Shortfall Securities**). The issue of any Shortfall Securities will be at the discretion of the Directors.

The Rights Issue will not be underwritten and is not being sponsored by a broker. A 5% handling fee will be paid to brokers who lodge acceptances on behalf of eligible shareholders.

The Prospectus for the Rights Issue and the accompanying Entitlement and Acceptance Form will be sent to you on 1 October 2008.

Under the Rights Issue, every person with an Australian or New Zealand registered address who is registered as the holder of fully paid ordinary shares in the capital of MOY (**Shares**) at 5.00pm (WST) on 30 September 2008 (**Record Date**) will be entitled to participate in the Rights Issue in respect of the number of Shares that person is then registered as the holder of. Shareholders with registered addresses in countries outside of Australia and New Zealand will not be eligible to participate in the Rights Issue. MOY will send to each of the security holders outside of Australia and New Zealand details of the offer and advise them that the Company will not be making the offer to them.

The Rights Issue is open for acceptance by eligible shareholders from 1 October 2008 until 5.00pm (WDT) 31 October 2008 (subject to the Directors varying the closing date in accordance with the ASX Listing Rules).

Please note that MOY Shares will be quoted on an "ex" basis from 24 September 2008, and therefore any Shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.

Shareholder approval is not required for the Rights Issue. Shares issued under the Rights Issue will be issued as fully paid and will rank equally with existing shares in MOY's share capital.

Holdings on different registers (or subregisters) will not be aggregated for calculating entitlements.

Fractions of a Share will be rounded up to the nearest whole Share where the determination of an eligible shareholder's entitlement under the Rights Issue results in a fraction.

The total number and class of all securities quoted on ASX (including the maximum number of securities to be issued in the Rights Issue on an undiluted basis – ie. assuming no existing options are exercised) is as follows:

Number	Class
295,568,070	Ordinary shares
59,113,614	Options (exercisable at 5 cents each expiring on 30 September 2011)

MOY will have the following number of securities not quoted on ASX:

Number	Class
10,700,000	Options (exercisable at 29 cents each expiring on 19 December 2011)
5,000,000	Options (exercisable at 23 cents each expiring on 19 December 2011)
3,500,000	Options (exercisable at 30 cents each expiring on 31 October 2011)
8,500,000	Options (exercisable at 20 cents each expiring on 31 October 2011)
2,500,000	Options (exercisable at 20 cents each expiring on 21 February 2012)
857,143	Convertible Notes (35 cents, 31 January 2009)
545,455	Convertible Notes (55 cents, 31 January 2009)

As at the date of this letter, there are 30,200,000 options to subscribe for Shares on issue. If all or some of these options are exercised prior to the Record Date this will also impact the maximum number of Shares to be issued under the Rights Issue. On 19 September 2008, holders of existing options to subscribe for Shares were sent a notice of their right to exercise their options in order to be eligible to participate in the Rights Issue.

MOY currently has no dividend policy.

The proposed timetable for the Rights Issue is set out in the attachment to this letter.

The above information was provided to the ASX on 19 September 2008.

If you have any queries concerning the Rights Issue please contact Advanced Share Registry on 08 9389 8033 or Managing Director, Andrew Law, on 08 9488 8800.

Yours faithfully



Andrew Law
Managing Director