



MILLENNIUM

MINERALS LIMITED

ABN 85 003 257 556

22nd October 2008

Company Update and Rights Issue Information

Dear Shareholder,

On behalf of the Board of Directors of Millennium Minerals Ltd ("Millennium Minerals"), I am pleased to take this opportunity to provide you with an update on the recent progress with exploration activities at our flagship Millennium Molybdenum Project in the Pilbara region of Western Australia, as well as recent developments with the Nullagine Gold Project.

Key Highlights

- Highly encouraging initial Molybdenum results from ongoing drilling programme with best results (from Niton XRF analyses of core samples) of **4m @ 411 ppm Mo (including 1m @ 1240 ppm Mo), from 346m, and 2m @ 157 ppm Mo from 15m** – first laboratory assay results are expected in November.
- Significant JORC-compliant gold resources inventory of **786,000 ounces**.
- Rights Issue extended to **7 November 2008**.

This is a critical time in the evolution of Millennium Minerals as we ramp up our exploration efforts at the Millennium Project.

So far, we have received excellent initial results from drill core sampling on site using our advanced Niton XRF Analyser. As well, we have been able to make significant progress in further understanding the geology of this richly-mineralised area and we believe that we are getting closer to a company-making molybdenum discovery which would generate substantial shareholder value.

I invite you to read through this document, which provides a snapshot of where we are now and the exciting future we have in front of us.

Below are some recent highlights from the current drilling programme being carried out at the Millennium Project.

(For more detail please refer to the Company's ASX announcement dated 17 October 2008.)



Above - Drill core sample from current drilling program (MIRD0012), with molybdenite (dark grey) on a fracture surface.

Millennium Molybdenum Project

Recent Highlights

- Highly encouraging initial molybdenum results from ongoing drilling programme with best results (from Niton XRF analyses of core samples) of **4m @ 411 ppm Mo (including 1m @ 1240 ppm Mo), from 346m, and 2m @ 157 ppm Mo from 15m** – first laboratory assay results are expected in November.
- 15 pre-collars and four diamond tails completed to date for an aggregate total of 2,300m of RC drilling and 708m of diamond coring drilling still underway.
- Data obtained has significantly improved the geological understanding of the target zones, providing information which has helped in ongoing drill programme planning.
- Results to date reinforce the **potential to discover a significant high-grade molybdenum deposit** at the Millennium Project.

Next Steps – Millennium Project

Our immediate objective at the Millennium Project is to complete further RC drilling to establish the pre-collars required to ensure that the newly identified target zones can be tested by the ongoing program of deep diamond core drilling.

Ongoing drilling, together with the expected receipt of assay results later next month, will provide a good indication as to the size and grade of molybdenum mineralisation in the area.

Nullagine Gold Project

The Nullagine Gold Project has a significant JORC-compliant Resource of 786,000 ounces of gold and presents considerable value to the Company and its Shareholders.

Millennium conducted a Feasibility Study of the Nullagine gold resource during 2006 which showed positive economics producing 70,000 ounces a year. Escalating industry costs for mining and construction and a declining gold price from early last year resulted in a deterioration in the forecast project outcomes. The Company therefore decided to defer further development.

With gold prices now at significantly higher levels (>A\$1,200 per ounce) and many analysts predicting continued strength in the value of gold, the Nullagine Gold Project represents a significant asset to the Company. The Nullagine Gold Project was previously modelled at A\$800 per ounce. At the revised A\$ gold price, a preliminary financial model shows that the potential project revenues are in excess of A\$400m and would represent a substantial increase in the return on investment for the project. With further work to improve the current reserve position, the gold project would show further strong profitability.

The Company intends on continuing exploration in the Nullagine area to increase the resource base and to enhance future development options for the asset.

Highlights

- Significant JORC-compliant gold resources inventory of **786,000 ounces**.
- Recent recognition that the disseminated-style gold mineralisation at Nullagine and the molybdenum mineralisation at Millennium possibly share more in common than just geographic proximity.
- Compelling synergies between the search for additional gold resources and the search for new molybdenum resources within this richly mineralised corridor.
- Most of our future exploration expenditure will be directed at this area for both gold and other metals including molybdenum and base metals.
- There is the potential to maximize the return on capital investment on a processing plant at Nullagine Project by potentially treating both gold and molybdenum ore feeds.

Rights Issue

As you will be aware, Millennium is currently in the process of completing a Rights Issue entitling Shareholders as at 30 September to purchase shares on a pro-rata, one-for-four basis at 4 cents per share. Holders will also receive one (1) free attaching option exercisable at 5 cents on or before 30 September 2011.

The pro-rata non-renounceable Rights Issue, encompassing both ordinary shares and options, will raise up to \$2.36m, with funds to be utilised for exploration and resource work on the Millennium Molybdenum and Nullagine Gold Projects.

To assist Shareholders, the Company has agreed to extend the closing date of the Rights Issue to 7 November 2008. Shareholders who require an entitlements form should contact the Company as soon as possible.

Key Dates for Rights Issue

| Event | Date |
|---|------------------|
| Closing Date 5.00pm (WDT) | 7 November 2008 |
| Securities quoted on deferred settlement basis | 10 November 2008 |
| Despatch of holding statements | 17 November 2008 |
| Date of quotation of Securities issued under the Rights issue | 18 November 2008 |

In summary, the Company's goals are twofold:

- Defining a substantial JORC-compliant resource at the Millennium molybdenum project; and
- Increasing Gold resources and reserves with a view to establishing a future gold operation.

We are confident that through the detailed and meticulous exploration programmes put in place over the past few years, we are well placed to realise the value of our tenement holdings and ultimately to provide significant shareholder returns.

I invite you to join with us in supporting your Company in what is shaping up to be the most exciting and rewarding stage in our history.

Yours sincerely,



Andrew Law
Managing Director

Enquiries:

Mr. Andrew Law - **Managing Director**
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Nullagine Gold Resources Inventory

| Deposit | Measured | | | Indicated | | | Inferred | | | Total | | |
|---------------|--------------------|-------------|--------------|--------------------|-------------|--------------|--------------------|-------------|------------|--------------------|-------------|--------------|
| | Millions Tonnes | Au (g/t) | koz | Millions Tonnes | Au (g/t) | koz | Millions Tonnes | Au (g/t) | koz | Millions Tonnes | Au (g/t) | koz |
| Golden Eagle | 4.74 | 2.04 | 311 | 1.44 | 1.75 | 80.8 | 1.34 | 1.72 | 74.2 | 7.52 | 1.93 | 466 |
| Barton | 0.71 | 2.11 | 48.1 | 0.46 | 2.13 | 31.1 | 0.20 | 2.70 | 17 | 1.36 | 2.20 | 96.2 |
| Golden Gate | 0.37 | 3.76 | 45.1 | 0.11 | 3.59 | 13.1 | 0.08 | 3.17 | 7.8 | 0.56 | 3.64 | 66 |
| Harrier | 0.11 | 2.19 | 7.5 | 0.27 | 2.66 | 2.3 | 0.02 | 2.24 | 1 | 0.15 | 2.28 | 10.8 |
| Condor | 0.10 | 2.38 | 7.6 | 0.03 | 2.44 | 2.6 | 0.03 | 2.75 | 2.3 | 0.16 | 2.46 | 12.5 |
| Falcon | 0.10 | 2.58 | 8.2 | 0.03 | 2.33 | 2.3 | 0.03 | 2.40 | 2.1 | 0.16 | 2.50 | 12.6 |
| Crow | 0.02 | 2.77 | 2.3 | 0.01 | 2.72 | 0.2 | - | - | - | 0.03 | 2.76 | 2.6 |
| All Nations | 0.50 | 2.04 | 32.6 | 0.06 | 1.75 | 3.5 | 0.04 | 2.23 | 2.6 | 0.60 | 2.02 | 38.7 |
| Shearers | 0.21 | 1.81 | 11.9 | 0.22 | 1.51 | 10.9 | 0.09 | 1.50 | 4.2 | 0.52 | 1.60 | 27.1 |
| Little Wonder | - | - | - | 0.19 | 1.70 | 10.2 | 0.21 | 1.70 | 11.2 | 0.39 | 1.70 | 21.4 |
| Otways | - | - | - | - | - | - | 0.49 | 1.40 | 22.1 | 0.49 | 1.40 | 22.1 |
| Gambols | - | - | - | - | - | - | 0.20 | 1.50 | 9.6 | 0.20 | 1.50 | 9.6 |
| Total | 6.85 | 2.15 | 474.2 | 2.57 | 1.90 | 157.1 | 2.71 | 1.77 | 154 | 12.13 | 2.01 | 785.6 |

Note: Resource estimates prepared by Hellman & Schofield Pty Ltd using a multiple indicator kriging technique.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Michael Grigson, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Grigson is a full time employee of Millennium Minerals Limited. Dr. Grigson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined by the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Grigson consents to his inclusion in the report of the matters based on his information in the form and context in which it appears.

QA/QC Statement

Molybdenum analytical results quoted in this report have been obtained using a Niton XLt 592 portable XRF analyser and must be viewed as preliminary or semi-quantitative. The analyses were conducted on 3 kilogram riffle split subsamples of ~35 kilogram, 1 metre RC samples, and on 100 gram pulverised subsamples split from jaw-crushed, 1 metre-length, half-core samples weighing approximately 3 kilograms.

Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with mineral resource businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.