

# ASX RELEASE

18 June 2008



## Market Update

Minara Resources Ltd has today released the following market update:

The gas supply situation on Varanus Island has had a well documented impact across Western Australia. Minara moved rapidly to minimise the impact of this gas disruption on its WA operation. We have been able to secure temporary gas supplies which enabled us to resume operations only days following the Varanus outage, albeit at reduced rates. The plant is operating to maximise production with the reduced gas availability. We are currently operating the plant at approximately  $\frac{2}{3}$  of our normal production rates. From 1 July we have a new long term gas supply contract which sources some of our gas requirements from alternative locations. Because of this we are confident that we can maintain production at the current rate. We are also attempting to secure additional gas supplies to enable us to return to full production.

Based on current information, our revised market guidance on production of 31,000 - 35,000 tonnes, remains unchanged. We have incorporated in these production guidance figures the expected impact of the current and forecast reduced rates. Following market advice from Apache, partial production from Varanus Island may be available from August. This should enable us to return to full production.

Minara holds comprehensive business interruption insurance and has lodged a claim with respect to the gas supply disruption.

The nickel market continues to be volatile however we believe the market fundamentals are still robust and it has a sound foundation for the next two to three years. With growth in demand primarily driven by China and the increasing use of stainless steel, we anticipate the nickel market growing by around 4% to 6% a year over those years.

The cobalt market has been very strong this year. Minara is the fifth largest cobalt producer in the world and it is an important additional revenue stream for the Company. The strong cobalt price has assisted in alleviating other cost pressures.

The cost of sulphur has risen sharply over the past 12 months and Minara imports approximately 430,000 tonnes per year. Minara buys sulphur on long term contracts at rates substantially below the current spot market price. Additionally we hold 6 months inventory on the ground at any given time. We anticipate the sulphur market to return to a normal profile in the second half of 2009 due to a supply/demand response.

We will continue to advise as further information becomes available.

**ENDS**

**Contact:** David Griffiths  
Gryphon Management Australia  
0419 912 496  
[www.gryphon.net.au](http://www.gryphon.net.au)

**Minara Resources Limited**  
Level 4, 30 The Esplanade PERTH WA 6000  
PO Box Z5523, St Georges Terrace