

ASX RELEASE

27 October 2008



MARKET UPDATE

In response to the declining nickel price and other rapidly changing market conditions, Minara has been restructuring its operations over the last six months focusing on reducing costs.

This has seen the company introduce a range of measures including:

- cutting discretionary expenditure
- reducing the workforce, both Minara's and the use of contractors
- cutting capital project work
- reducing overheads
- initiating a lower cost mining plan, and
- reducing the operation's sulphur usage.

All these initiatives have contributed to a significant reduction in the cost of nickel production by Minara.

Most importantly, the recent collapse in the price of sulphur has seen prices on the spot market returning to historical levels of below US\$100 per tonne. This will assist in reducing Minara's cost of production. Sulphur is a major input for Minara's laterite nickel processing.

It also should be noted that the overall impact of the decline in the nickel price has been partially offset by the decrease in the AUD:USD exchange rate.

As previously advised to the market, Minara is currently investigating putting in place longer term funding arrangements using either debt and/or equity.

CEO's comments

"Whilst we are in a challenging period of a turbulent commodity market, and nickel has certainly been affected, we believe in the mid to longer term that prices will stabilise and then return to a more favourable outlook.

“Because we started restructuring the business six months ago, we have already achieved real and substantial cost savings.

“The recent precipitous fall in sulphur prices will also assist us in achieving considerable additional cost savings.

“Though we have made substantial progress, because of the prevailing market conditions, we are continuing to explore additional ways to reduce costs and these will be progressively implemented during the quarter.”



Peter Johnston
Managing Director & CEO

27 October 2008

Contact

David Pile, Chief Financial Officer
Minara Resources Limited
+ 61 8 9212 8400
www.minara.com.au

or

David Griffiths, Gryphon Management Australia
0419 912 496
www.gryphon.net.au

Minara Resources Limited

Level 4, 30 The Esplanade PERTH WA 6000
PO Box Z5523, St Georges Terrace
PERTH WA 6831 AUSTRALIA
www.minara.com.au