



MINARA UPDATE

The Minara Resources Limited (ASX Code: MRE) briefing presentation released late January 2004 has been updated for use in various investor presentations. The revised presentation is attached.

Operations have now resumed at the Murrin Murrin nickel/cobalt plant in Western Australia after the interruption caused by the local flooding last weekend.

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ENDS



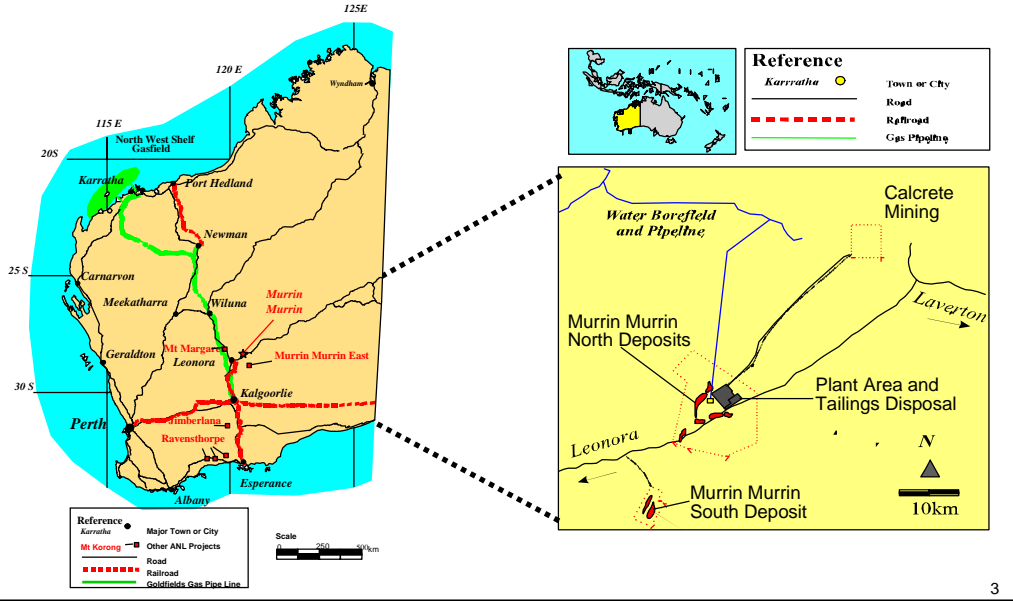
**Peter Johnston - CEO & Managing Director
February/March 2004**

History

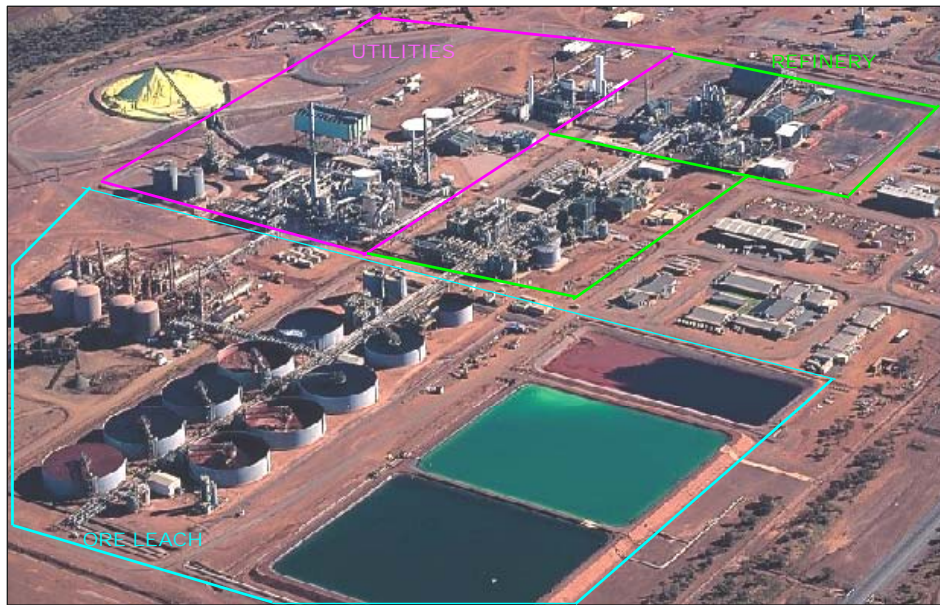


- ❖ **Founded in 1994, previously known as Anaconda Nickel Ltd**
- ❖ **Debt restructure and recapitalisation in 2002/2003**
- ❖ **Name changed in Dec 03 to Minara Resources Ltd**
- ❖ **Minara will be the world's 10th largest nickel producer at Murrin Murrin**
- ❖ **Murrin Murrin is a 60/40 Joint Venture between Minara and Glencore International AG**
- ❖ **At capacity Murrin Murrin will produce 40,000 TPA Nickel, 2,500 TPA Cobalt before any expansion**

Murrin Murrin Location



Murrin Murrin Facility



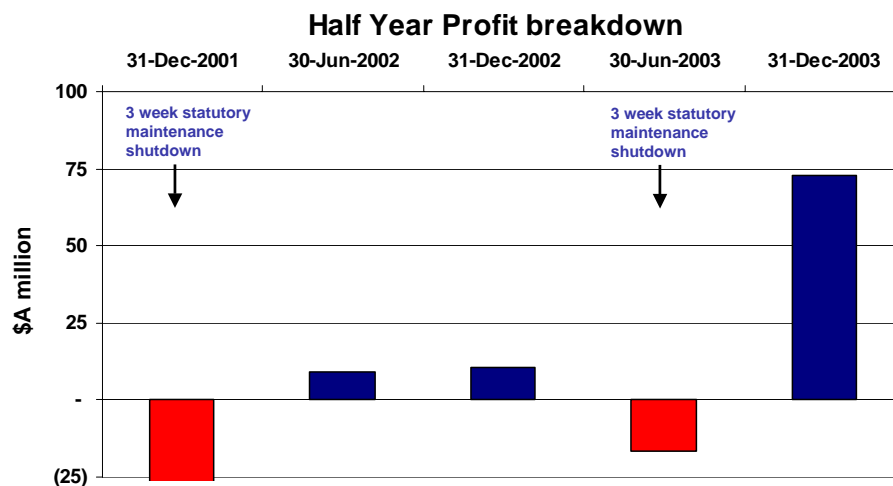
Financials



- ❖ Net Profit of \$57.5m in December half
- ❖ Working capital loan facility repaid 14 months ahead of schedule
- ❖ Operating cash surplus of \$16m in December half
- ❖ Clean Balance Sheet following recapitalisation in 2003
- ❖ No debt at end January
- ❖ Cash at bank \$42m at end January
- ❖ Fluor arbitration upside

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Gross Profit Performance at operating level



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Fluor Arbitration



❖ Phase 1

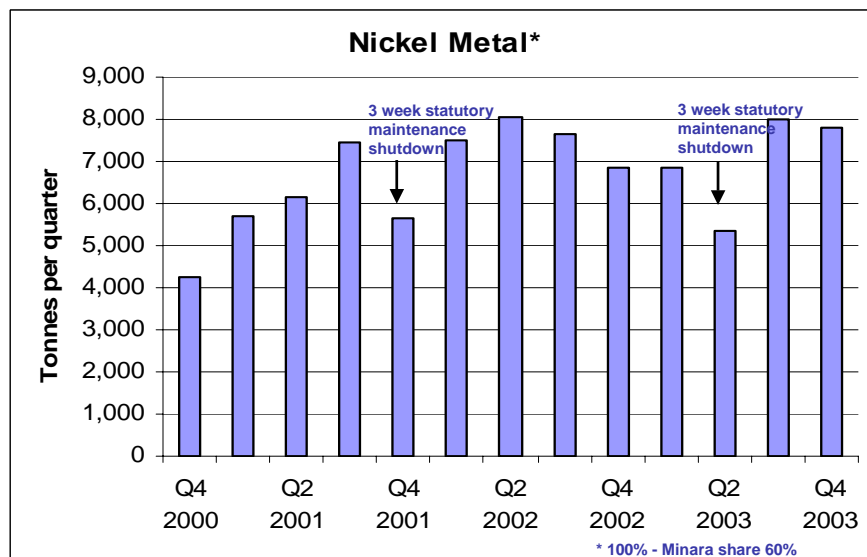
- Phase 1 award to MMO of \$155m. Fluor counterclaim \$100m – net award to MMO \$55m
- Secured creditors received 90% of Phase 1 payments, MMO retained 10%
- Fluor appeal unsuccessful

❖ Phase 2

- MMO claims exceed \$350m
- MMO retains 100% of any successful outcome
- Arbitration decision mid year

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Production



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Organisational Achievements – last 2 years



- ❖ **New management and structure at Murrin Murrin**
- ❖ **Grade profile significantly improved**
- ❖ **Infrastructure deficiencies corrected**
- ❖ **Targeted capital program**
- ❖ **Technology challenges progressively eliminated**
- ❖ **Strong governance implemented**
- ❖ **Legal legacies dealt with**

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Operational Challenges



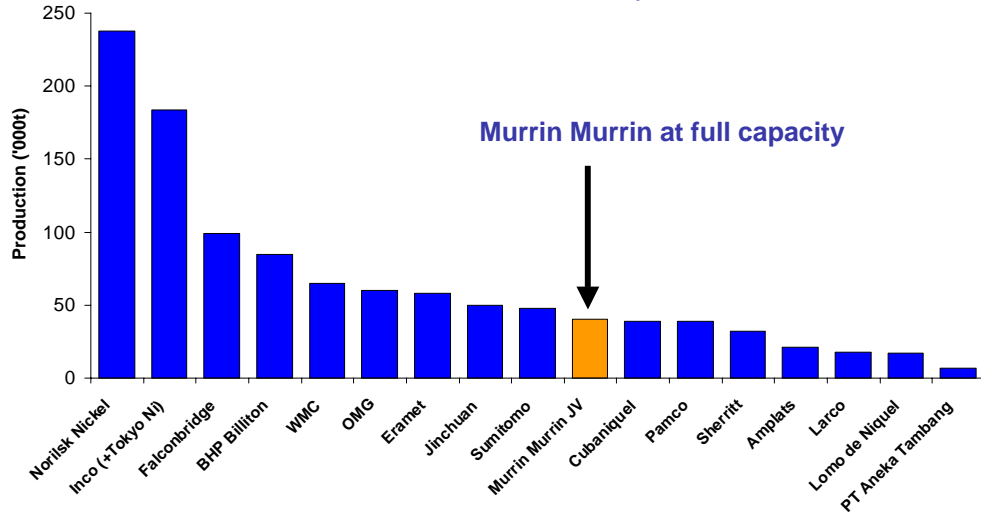
- ❖ **Safety – refocus on behaviours**
- ❖ **True operating costs still emerging**
– expect C1 of US\$2.00 –2.40/lb at full production
- ❖ **Complete capital program**
- ❖ **Continuous operations – statutory shutdowns only**
- ❖ **Focus on planned maintenance v. breakdown**
- ❖ **Commence de-bottlenecking program**
- ❖ **Continue culture change program**

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Minara's Murrin Murrin 10th largest nickel producer in the world



2003 World Refined Nickel Production by Producer

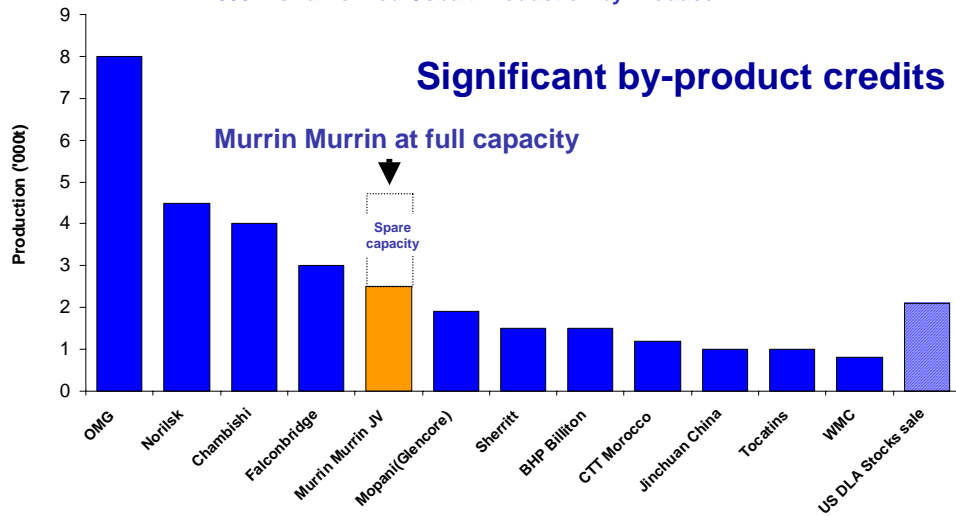


Source: AME; Macquarie Research

Minara's Murrin Murrin 5th largest Cobalt producer in the world



2003 World Refined Cobalt Production by Producer



Sources: AME; Metal Bulletin, Minara

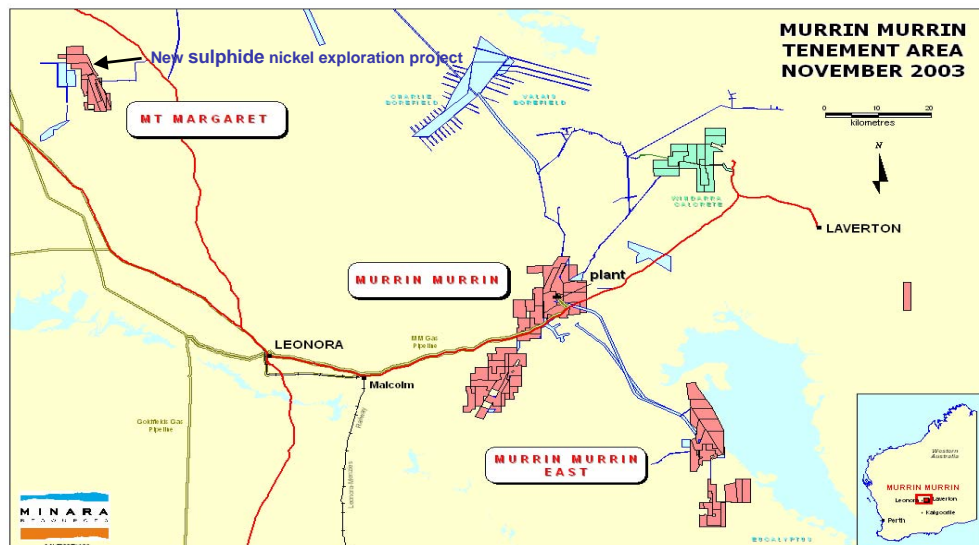
The Future - Growth



- ❖ Fluor Daniel determination – mid year
- ❖ Continuous debottlenecking to 42,500mt
- ❖ Ore reserves
 - no grade decline for 5 yrs
 - 40 years life on current reserves
- ❖ Additional third party feed options
- ❖ Exploration for sulphides
- ❖ 5th autoclave to 50,000mt

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Minara tenement holdings



Resources / Reserves



❖ Murrin Murrin

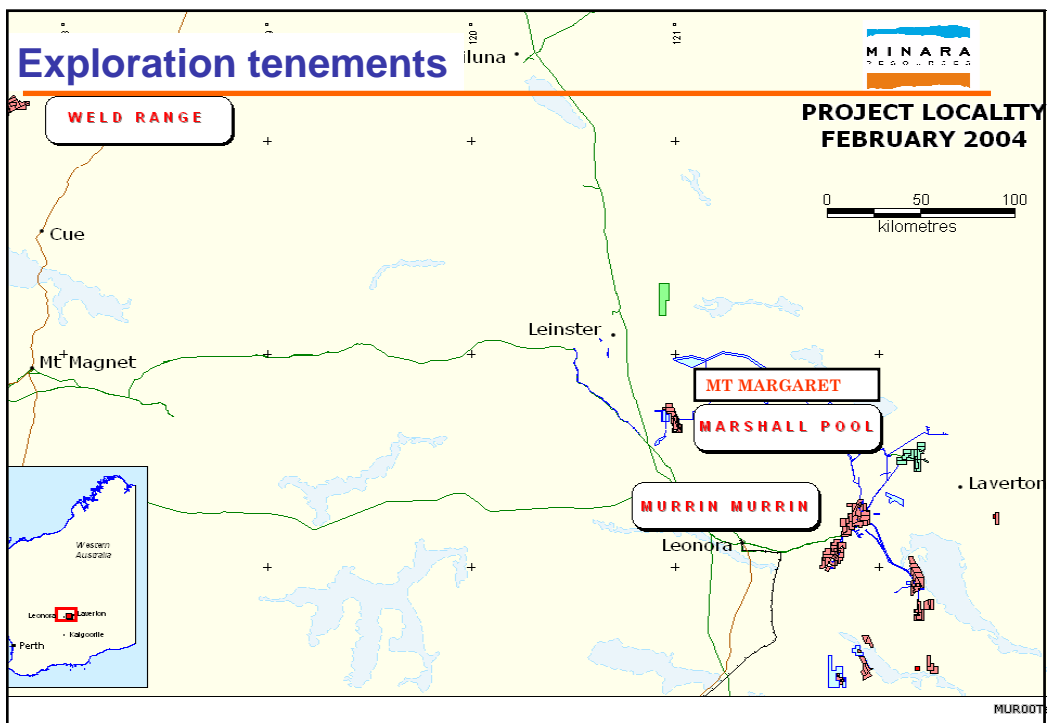
Resource: 327mt @ 0.99% Ni and 0.063% Co
(measured)

Reserve 2003: 145mt @ 1.07% Ni and 0.085% Co
(1.3%Ni for next 5 yrs then declines to 1.15% over following 10 yrs)

❖ Third Party feed

WMC residue 4%Ni – 10,000tpa

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Exploration projects



- ❖ **High grade Ni sulphides target in Marshall Pool area** (100% owned)
- ❖ **Disseminated nickel sulphides in Mt Margaret** (100% owned)
- ❖ **Ni/Cu/pge sulphides in Weld Range area** (75% interest in JV with SoG)
- ❖ **High grade Ni laterites at Murrin East** (100% owned)
- ❖ **Gold prospectivity**

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Assets



- ❖ **World scale plant**
- ❖ **40 year mine life**
- ❖ **Large tenement holding – exploration upside**
- ❖ **Strong management team experienced in Ni**
- ❖ **Intellectual property in dry laterites - proven technology**
- ❖ **Capable of treating range of inputs**
- ❖ **Low political risk – WA**

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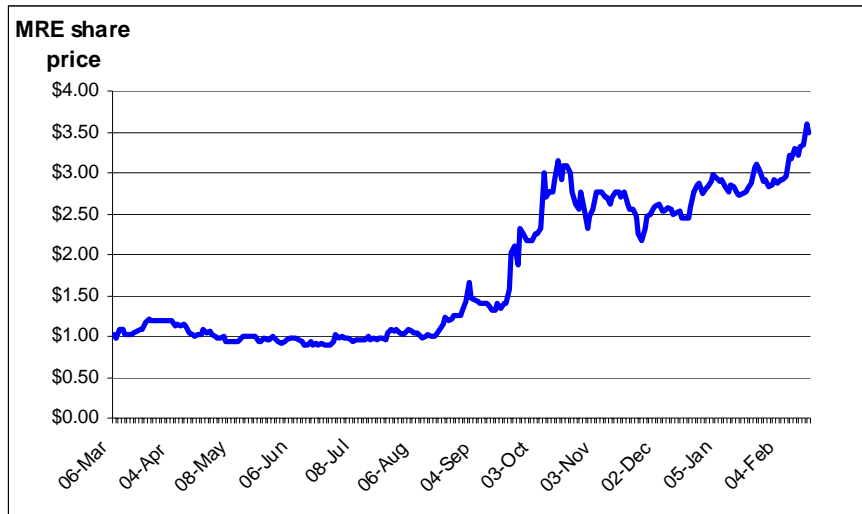
Key Summary



- ❖ **\$71.5m EBITDA in December half**
- ❖ **No debt - \$42m cash in bank January 04**
- ❖ **Fluor Daniel arbitration promising**
- ❖ **Focus on Murrin Murrin - performance improving**
 - Increased throughput
 - Improved reliability
 - 40,000tpa rate by mid year
- ❖ **Strong Ni/Co markets in prospect next 2/3 years**
- ❖ **Dividend policy under consideration**

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Share Price (post close of takeover offer)



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Appendices



- ❖ Nickel prices and stocks history
- ❖ Nickel supply/demand
- ❖ Nickel value chain
- ❖ Nickel demand by industry
- ❖ Cobalt price history
- ❖ Minara profit analysis
- ❖ Debt recapitalisation and restructure history

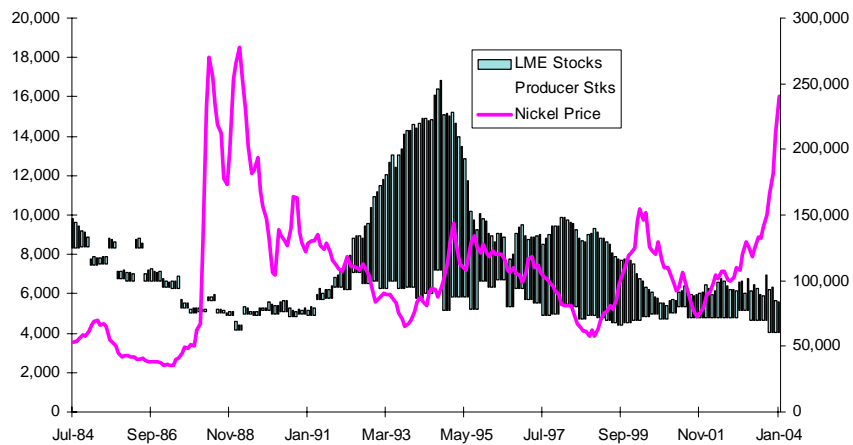
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Nickel price and stocks history



Nickel price US\$/mt

Stocks '000mt



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Nickel supply/demand



	2000	2001	2002	2003	2004F	2005F
Stainless Steel production	19458	18798	20328	22303	24042	24302
% change	9.9%	-3.4%	8.1%	9.7%	7.8%	1.1%
Nickel consumption	1126	1103	1169	1260	1343	1375
% change	4.1%	-2.0%	5.9%	7.8%	6.6%	2.4%
Nickel production	1099	1149	1171	1195	1294	1350
World market balance	-26	46	3	-65	-50	-25
Norilsk/Other stockpile sales	-25	-35	1	64	4	0
Overall "balance" implied	-51	11	4	-1	-46	-25

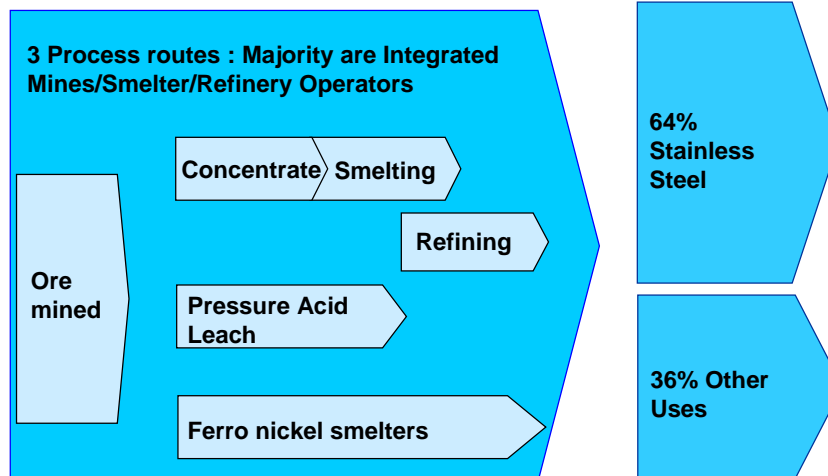
Source: Macquarie Research 12 December 2003

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Nickel Value Chain

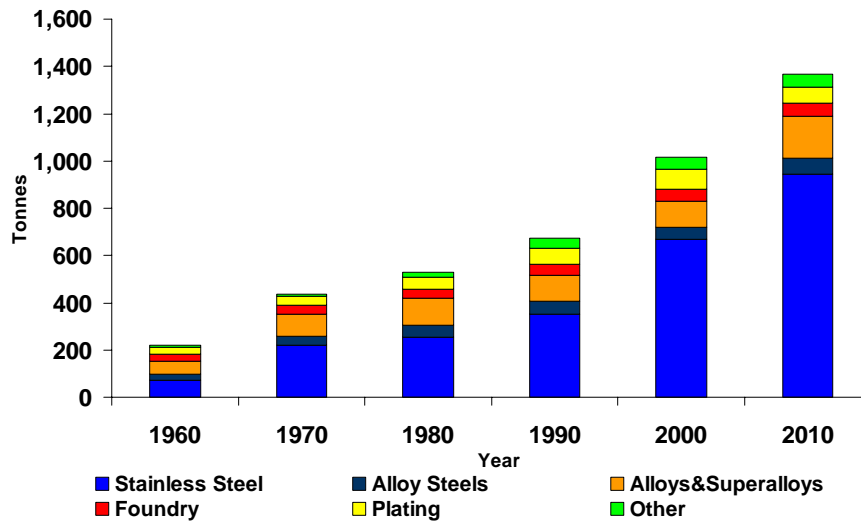


Ore Mining Smelt/Leach Refining First Use



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Nickel Demand by Industry

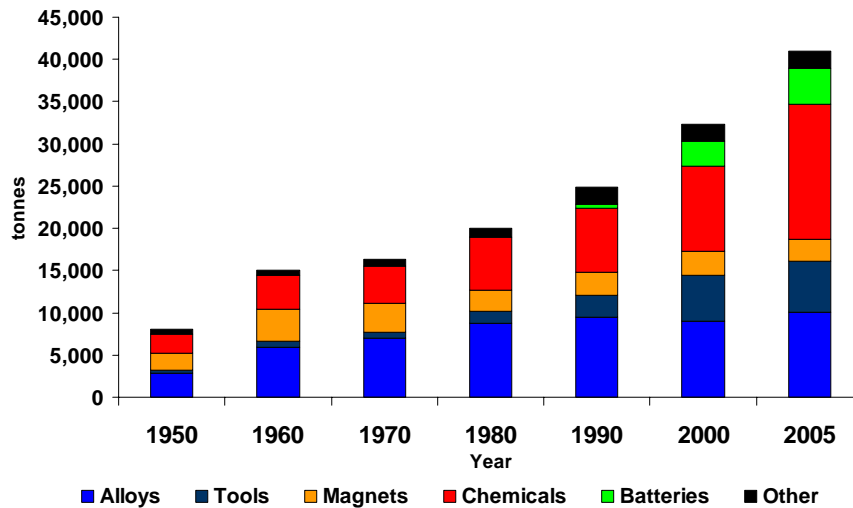


Cobalt price history

Cobalt price US\$/lb



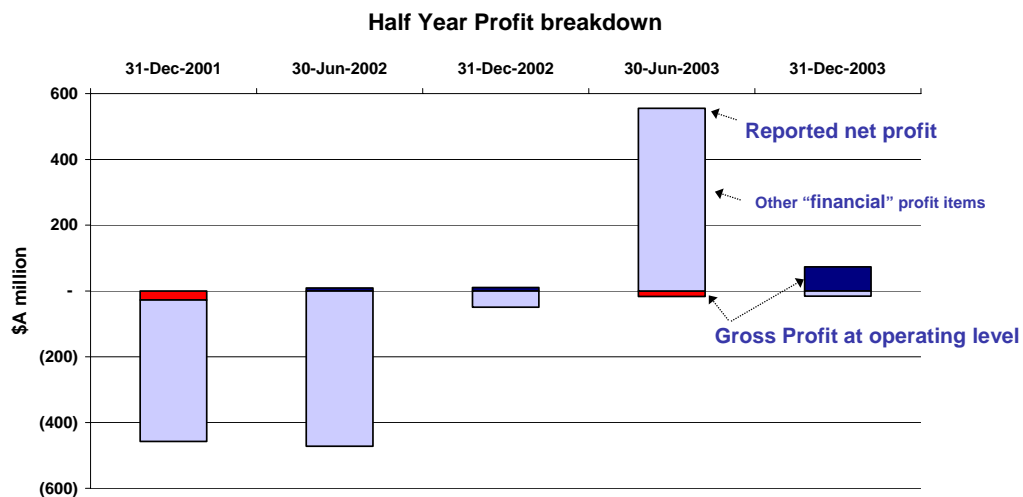
Cobalt Demand by Industry



Sources: CDI; AME; Metal Bulletin; Minara

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Minara Profit Analysis



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Debt Restructuring & Recapitalisation



- ❖ **Anaconda defaulted on A\$775m debt in March 2002**
- ❖ **Agreement reached with secured creditors to extinguish debt – September 2002**
- ❖ **Rights Issue for A\$323m to raise funds to settle outstanding debt – February 2003**
- ❖ **Share consolidation – December 2003**
- ❖ **Current shareholdings**

Glencore	46.6%
MatlinPatterson	35.9%
- ❖ **Minara debt free – January 2004**